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## Near East/South Asia Report

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9 April 1984

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London AL-MAJALLAH in Arabic No 210, 18-24 Feb 84 pp 37-41

[Article by Mahmud Sadiq: "Battle Which 12 Million Egyptians Will Enter"]

[Text] These days Egypt is being exposed to a political heat wave, despite the harshness of the winter's cold. The reason for that is the preparation for the upcoming elections to the People's Assembly, which will take place on 27 May. Six political parties which have been established up to now will be struggling in an attempt to win the largest number of seats beneath the Egyptian Parliament's dome. This battle comes in the shadow of the new law for elections according to proportional lists which stipulates that any party must win not less than 8 percent of the votes cast as a condition for victory. Who will win in these elections? This question AL-MAJALLAH placed before the political action officials inside the various parties in an attempt to get an answer to this question and others which are engrossing those interested in political action. This was the realization.

Dr Fu'ad Muhyi-al-Din, the Prime minister and the general secretary of the National Democratic Party (NDP), is not hesitating to affirm that his party will "sweep" the elections and obtain a parliamentary majority that will give it the chance to form the next government. The prime minister defined his position on the extant political parties and the elections by saying, "We follow general principles that are applied in the area of political activity with the opposition. There is open democratic activity. Each party must work hard and refrain from attributing its problems to the government. The government is not violating the law with the opposition. Therefore, we cannot be blamed for a thing. It is not necessary for the government to look for popularity, seats, or places for the opposition parties. This is not its role. We are placing no obstructions in the way of the opposition's activity. I will be happy if the opposition wins as serious parties with popularity and goals of their own. However, if the opposition does not win, it should not attribute this failure to the government."



As for Fu'ad Siraj-al-Din, the head of the New Wafd Party, who is still politically in exile, he said that the Wafd was completely confident of succeeding in the elections and obtaining a percentage of the vote that would either give it a majority inside the parliament or at least let it engage in powerful opposition. He said that this in turn would move the form of party practice away from the current situation. The "Pasha" added, "This optimism of mine is due to my trust in the voters, who still look to the Wafd Party, with its roots that stretch back to before the revolution, when the masses used to stand by it and support it. It enjoyed great popularity that still exists. I do not think at all that the voters will stand by the party merely out of a desire for change, or, as some say in an attempt to cast doubt on the Wafd's popular support, in order to take a leap into the unknown."

[Question] Does not your lack of hesitation to take part in the elections mean that you agree with the condition found in the current election law that says a party must obtain 8 percent of the vote? The other opposition parties have opposed this provision.

[Answer] There is one flaw in this law. The proportional list prevents independents from presenting themselves for nomination. I think they are a large faction. In the elections of 1976, we saw a very large number of members who were independent and succeeded with a percentage of 65 percent.

[Question] Some have likened your party to an "untameable stallion" that wants to sweep the elections and occupy the seats of the cabinet quickly. Do you not think that this is a departure from custom?

[Answer] It is natural for any party to try to come to power. It must try to do so. Attaining power is the only way to implement one's programs. In accordance with the constitution, the people give the party a chance for 5 years. After that, they take stock of it in the elections. Therefore, from time to time, we see that the results of the elections change.

We turned to Dr Wahid Ra'fat, the deputy chairman of the party, and found that he welcomed the affiliation of independents to the New Wafd. It was recently announced that Counselor Mumtaz Nassar had joined. He was preceded by Ibrahim 'Awarah, Fikri al-Jazzar, and Salah Abu Isma'il (most independents have become members of the Wafd). This has caused some to mutter that it is a political maneuver intended to allow them to participate in the elections as part of the Wafd list, and that after the elections they will present their resignations from the party. Commenting on this, Ra'fat said, "The current law has not clearly evaluated this process. Thus, there is nothing to prevent a member of parliament who succeeded in the elections on a certain party's list from announcing his resignation and becoming an independent member, though this is unlikely, since the formation of committees inside the People's Assembly will take on a party character. There will be no place for independents on the committees. Thus, their activity will be limited to attending the general sessions. This is somewhat far-fetched."

[Question] Why did you decide not to take part in the coming elections?

[Answer] For two reasons. The first is the state of health I suffer from. It does not permit me to continue political work. The difficulties do not end when one wins a seat in parliament; they begin then. I believe that my condition will not permit me to work very hard. Thus, I might not be able to be faithful to the trust the voters would place in me. In addition to that, I have not taken part in elections before, and I have not practiced public political activity. As for the second reason, it is that we constantly wish to push young people to take up their responsibilities and engage in political activity. They cannot do this unless we give them a chance. Indeed, we must work to increase their enthusiasm so that they will enter the parliament and represent the class for which they stand. Perhaps you can see that we are the only party that is working to create a second rank of young people who will direct the affairs of the party in the next stage, while we of the old generation stay on as party advisers.

[Question] But the "Pasha" decided to take part in the elections. Moreover, it was rumored that the artist Muhammad 'Abd-al-Wahhab would participate in them, as well as Professor Mustafa Amin. All of them are older men. Is that not so?

[Answer] First of all, there is a lot of talk about public personalities that will take part in the elections on the party's list. But believe me, these lists have not been drawn up yet. We are delighted by the idea of having Professor Mustafa Amin on our lists. There is no doubt that he is a big gain for the party and party activity. In general, all the persons whose names you mentioned are younger than I. I believe that those under 70 years of age have the right to take part in the elections, since they can still be active and work politically.

[Question] And the single list? It was said earlier that the opposition parties would unite around a single party list, on the basis of which they would take part in the elections. What happened to this idea?

[Answer] We did not discuss the idea to begin with. Some might have made such a suggestion, but the idea remained merely a suggestion. It still has not been carried out. Moreover, it was not discussed. I believe that this suggestion has come to nothing, because all the opposition parties have decided to take part in the elections with their own lists.

[Question] It has been said that they were pushed into making that decision because of the position of your party, which decided to enter the elections, thereby undermining the front that had been formed previously in order to take a unified stand against the current election law.

[Answer] I do not believe that. The party has always trusted in its popularity and has no fear at all of any conditions laid down in the election law. The important thing is for the electoral process to be stainless, so that the results will conform to the will of the nation. Therefore, we decided to take part in the elections. We also made this

decision because opposition inside the parliament is better than opposition outside it.

Counselor Mumtaz Nassar, who recently announced that he was joining the ranks of the New Wafd Party, confirmed that two things caused him to make this decision: "The first was the current election law, which prevents a person of independent mind from exercising his political rights. At the same time, the party system has kept us from setting up a party that expresses our ideas. Thus, I found that the most appropriate thing to do was to join an extant party in order to take part in the elections. Then I will be able to try to amend the laws from inside the parliament. One has a greater opportunity to do so there than outside the parliament." As for the second matter, it was this: "I found that the party whose platform was currently closest to my own thoughts was the New Wafd Party. I talked a lot with its leaders, especially Professor Fu'ad Siraj-al-Din, and we reached agreement on some matters that might have been points of disagreement later on."

[Question] At one time, you tried to declare your own party What happened to it?

[Answer] As I told you, our party system and the constraints it contains prevented that. Until the party law is amended, I cannot predict what will happen to it in the future.

#### The National Democratic Party Is Fighting

From inside the NDP, Dr Muhammad 'Abdallah, chairman of the foreign affairs committee and of the parliamentary group in Alexandria, commented on the coming round of elections by saying: "Running the elections according to the proportional list deepens party affiliation. One might say--as some do--that the Egyptian citizenry have not reached the stage of consciousness that can accept election according to the list. But the matter is quite the opposite of that. Is it reasonable for us to accept a concept whereby we can affect the voters by appealing to their sensitivities? This is what used to happen under the individual election method. In order to free ourselves of this dilemma, we put forth the idea of the proportional list. It will be applied in all future elections, if God wills."

As for the 8 percent limit set down by the NDP government in the election law, the opposition parties have described it as debilitating. They say it was intended to keep them from entering the parliament and representing their members there. Muhammad Rashwan, the minister for People's Assembly Affairs and the Shura Council, had this to say in this regard: "The opposition parties may be afraid of this condition, but they are continuing their campaigns and affirming that they are mass parties. At the same time, they say our National Democratic Party has no mass following and is a spurious majority. If that is so, then how can they be afraid of this condition? Do you not agree with me that there is a great contradiction here? Our party is strong, and its presence is essential for the continuation of party activity because of its mass following and political consciousness.

We do not say that because we are currently the ruling party. The coming days will show that the lion's share or the voters' trust will be granted to the NDP."

Inside the colonnades of the NDP, which has many centers, we find as well that the current image is characterized by speed of movement. The ministers, who are party members, have made many tours in the various governorates, especially those in which the opposition parties arrived first. Some say that the popularity of the NDP is falling ever faster. Therefore, the party needs to increase its activity in the crucial period before the elections. Despite that, the general secretary of the NDP, Dr Fu'ad Muhyi-al-Din, has told all his ministers not to be excessive in the promises they make, lest the party's image be harmed in the eyes of the voters if the NDP government is unable to honor the pledges.

Sayyid Zaki, the speaker of the People's Assembly and one of the most prominent members of the NDP, affirmed that the party would succeed and win a majority of the votes. He said, "My trust in the NDP's platform is unlimited. It is what compels me to affirm that the party will win a parliamentary majority. Because of its mass popularity, it will always be in the vanguard of the parties."

[Question] The NDP is known as the party with a million members. It is also known that there are two kinds of voters. There are normal voters without any party affiliation. Thus, one cannot know to which party lists they will align themselves. Then there are the voters who belong to one of the extant parties. Their tendencies are known ahead of time. Therefore, is it possible that the NDP will only win        million votes that correspond to its electoral base?

[Answer] These million voters truly make up the affirmative votes that the party will obtain. However, this does not mean that no one else among the 12 million voters will cast votes in favor of the NDP. Do not forget that our party system is still young. These are the second elections to be held on a party basis. Therefore, though some people might not belong to any party, when the time comes to vote in the election, they will give their votes to our party. Who told you that our party has only 1 million members?

[Question] We based in on the fixed membership forms in the party's possession, although accusations have been made concerning this number.

[Answer] This is not a sufficient indicator of the magnitude of the party's membership. Many people belong to our party intellectually but their names have still not been written on party forms. Moreover, do not forget that the NDP is the party of the July 1952 revolution and the May 1971 revolution. Therefore, it has a broad popular base of people who believe in those ideas and principles.

[Question] But what percent of the vote does the NDP expect to obtain in the elections?

[Answer] All the officials inside the party say it will win a majority. There is almost unanimous agreement that the percentage will be about 70 percent. Muhammad Rashwan confirmed this when he said that when the voters find themselves faced by a strong party platform, some of whose clauses have been carried out, they will stand by it without a doubt, especially since the last 3 years have shown just how serious the NDP government is about carrying out its promises. Therefore, it is not at all unlikely that we will get the percentage we are aiming for. It amounts to our minimum goal. Naturally, this does not mean we want no opposition in the parliament. However, it does mean that we have great confidence in the masses of our people, who have supported the ideas of the revolutions of July 1952 and May 1971. This is the basis of our intellectual framework and our clear, well-known platform.

[Question] But do you think your party's platform is clear and well-known to the Egyptian voters?

[Answer] Without a doubt. In order to make things easier for the party members and those who want to learn about its general outlines, we have published the party's intellectual framework in several simple, small papers which set forth our platform in well defined points. In general, as I have said, our party is based on the principles of the July and May revolutions, which are clear to all. Moreover, the achievements of the NDP government during the last session of parliament are considered clear proof of the seriousness of the party and the confidence it has in the steps it has taken to achieve development and the prosperity we have promised as part of the framework of our platform.

[Question] Didn't the NDP candidate lose the Muharram Bey elections held recently in Alexandria? Doesn't that mean that the Egyptian voters did not back the party and support your candidate?

[Answer] On the contrary. The Muharram Bey elections demonstrate in many ways the falseness of the lying accusations made by the opposition parties, which claim to see fraud and government interference in the election results. The opposition parties made other claims, but the result mentioned above has shown that all of them are false, since the elections were carried out in an atmosphere of neutrality and impartiality. The opposition confirmed the results before the government did, and all the demands made by the opposition parties were realized. Thus, the excuses they used in order to avoid taking part in the coming elections were invalidated.

[Question] There is some whispering going on to the effect that the NDP will put forward in the elections some persons with a Nasserite affiliation and mass appeal, such as the two children of the late leader Jamal 'Abd-al-Nasir (Khalid and Huda). They say this is why the NDP has celebrated the anniversary of 'Abd-al-Nasir's birth for the first time. Indeed, there has been a lot of talk about his accomplishments. They affirm that the NDP is doing this in an attempt to pull the rug out from under the feet of the Wafd Party, whose popularity has increased greatly, especially after the legal verdict in its favor. Thus, it has come to be a serious competitor for the party of the current government.

[Answer] The organizational secretary in the capital had this to say: All that has been said so far amounts merely to rumors. If it happens, and some persons with a Nasserite affiliation join the party, as you say, they will be doing so purely on the basis of their own choice and desire, and as a result of the confidence they feel in the party's platform, which is a child of the ideas of the July revolution. Therefore, it is hardly surprising that there should be a current inside the party that expresses those ideas. In general, the entry of the Wafd party into the electoral campaign puts no pressure at all on our party. Indeed, we see it as being like the other parties. Thus, we are not making any special preparations in order to confront it.

#### A Hesitant Decision

We continued our tour, undertaken to determine the map of the coming elections in the Egyptian parliament, in order to pass on a picture of what is happening inside the Socialist Labor Party. In this picture, we can almost see a clear division of opinions. This was reflected by the second General Party Conference, at which numerous opinions were expressed by those supporting and opposing participation in the elections. In the end, in a move that decided the matter, the party decided to participate in the elections. According to the party's general secretary, Dr Hilmi Murad, the reason was that "all the other opposition parties will take part in the elections. Why should we alone stay out of the campaign, since it will be difficult for our party to exercise any influence on its results if we decide not to take part in it? Therefore, we decided to throw in our hats."

To this opinion, the party's chairman, Engineer Ibrahim Shukri added his own views, saying that he had enough courage to inform the members of the party and tell them bluntly about the true situation. He said he could review the decision to take part in the elections if they were not run with impartiality and neutrality. He said that these two qualities were the Labor Party's only two demands right now.

[Question] Let us assume that the party gets 8 percent of all the votes cast on the level of the republic, as called for by the current election law, which you have opposed. Would you then agree to the law?

[Answer] The party is not afraid of this percentage at all. Our opposition was intended to produce an election law that would be free of all conditions, even those that do not hinder our party. I believe that we can obtain a much higher percentage of the vote in the elections. We may get as much as 30 percent, just as happened in previous elections, although the party was considered young then.

[Question] Do you not think 30 percent is rather high?

[Answer] This is the party's goal. We hope we reach it.

[Question] Do you have a party organization capable of entering the electoral campaign?

[Answer] Even if the party's organization were not perfectly complete, we could spread the party's goals and platform just by taking part.

[Question] But you have taken part in elections before. Why did your party fail to spread then?

[Answer] I wish you would not forget the limitations that were imposed on the opposition parties and on party activity in general.

[Question] Do you think that the voters are fully aware of the Labor Party's platform, on the basis of which they will give it their votes?

[Answer] I admit that the dialogue concerning the party platform is incomplete. Therefore, the personalities of the candidates will have a great effect on the elections. By this I mean that the form of the coming parliamentary elections will be a mixture of the former individual method, the proportional representation method, and the current party lists.

[Question] Does your party have candidates who enjoy the kind of massive popularity that will enable them to succeed?

[Answer] I believe so. The party's lists have not been drawn up yet.

[Question] Where will you get the money needed for electoral propaganda?

[Answer] The Shura Council should have funds appropriated for this purpose. The party will also run a genuine subscription, in order to help cover the costs of electoral propaganda.

#### The Grouping Party Has Not Decided Its Affairs

We entered the colonnades of the fourth party (the Unionist Grouping). In this case, the features of the picture are not yet complete, although it has definitely become clear that the party is ready to enter the electoral campaign, especially after its candidate, Abu-al-'Izz al-Hariri, who is from the Muharram Bey district in Alexandria, won the by-elections for the parliament that were held at the start of last January. Despite these preparations, one still hears whispered talk about the joint list under which the Grouping Party wants to unify the opposition parties and take part in the elections.

Dr Isma'il Sabri 'Abdallah, a member of the party's general secretariat, had this to say, "The parties have the right to set up joint lists without having to abandon their platform or cancel them after the elections when each party forms its own group. This is not what one calls an electoral "maneuver". Joint lists are adopted by parties with similar political positions. They strengthen the alliances among such parties, concentrating their forces, without costing any party its independence. One phenomenon

that has now become well established in a number of countries, especially Italy, is the nomination of some independent personalities within the party lists. After succeeding in the election, such candidates are not required to vote with the party's deputies."

[Question] What about the question of taking part in the coming elections?

[Answer] This matter is not a question. Rather, the issue is the formulation of conditions for political practice. This is a situation we cannot accept, even if it has no effect on the electoral position of our party. We have base organizations and cadres in all the governorates, and we can succeed. But the problem remains: Why do we set conditions? Is not political activity the right of all?

[Question] Some say that the recent elections in Muharram Bey have misled the Grouping Party still further, and that it might therefore make mistakes in estimating its power and its ability to manage the election campaign.

[Answer] I do not think that. Rather, I think that the results of this campaign confirm the extent to which the voters trusted the candidate of the Grouping Party, who won the majority of the votes cast. Indeed, he did better than the NDP candidate, despite the amount of propaganda the latter used.

[Question] Did not those elections show how serious the Egyptian government is about carrying out the election campaign with complete neutrality?

[Answer] We have said that the police maintained their neutrality. However, the government did try to interfere. It failed because the police officers rejected that and insisted on the impartiality of the electoral process.

[Question] Perhaps those who tried to interfere were NDP deputies and not men from the government?

[Answer] The government and the NDP are one and the same right now. Therefore, we are demanding that the NDP give up its cabinet seats to a neutral government during the elections. A judicial board would oversee the electoral process.

#### The Liberals and the Ummah Are on the Margin

The dimensions of the map of the election campaign can be completed by clarifying the features of the picture inside the Ummah and Liberal parties. The preparations being made inside these two parties are marginal. Indeed, some almost go so far as to assert that they might win 8 percent of the votes cast, thereby meeting the requirement for entering the Egyptian parliament. However, both Mustafa Kamil Murad, the chairman of the Liberal Party, and Ahmad al-Sabahi, the chairman of the Ummah party, say that each of their parties will get more than that. By way of proof, the head of the Ummah party pointed to the fact that his party won a district during the elections for the local assemblies that were held at the beginning of last



November. He said this showed that the party could attract the votes of the masses.

Thus, we came to the end of our tour. All of Egypt's parties maintain that they will get the highest percentages during the coming elections. However, their expectations will remain mere fantasies until the election results are announced and it is decided who will form the next cabinet in Egypt.

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## OIL INDUSTRY, LONG TERM PROJECTIONS DISCUSSED

London AL-MAJALLAH in Arabic No 210, 18-24 Feb 84 pp 44-45

[Article by Khalid Jabr: "Egypt's Oil: 30 Percent of It Is Sucked Up by the Foreign Companies"]

[Text] The state in Egypt has depended heavily on petroleum for financing most of the development plan. The state has ignored the fact that the oil itself has been exposed to successive blows, most of which have come from inside the country, not outside. Egypt's petroleum saved it from disaster in the years after the October War, helping the country to bear economic shocks. During this period, the country's hard-currency oil revenues were used to finance the import of foodstuffs and to support locally manufactured goods. Were it not for Egypt's oil, the country would not have been able to stand on its own two feet.

The time has come for this foundation to be shaken. Egypt built its development plan on it because it was the only foundation. Its importance has declined year after year. Egypt earns close to \$1 billion from tourism, while its income from the Suez Canal is also about \$1 billion. However, income from these two sources stopped increasing long ago, while Egypt's oil revenues fell from \$2.45 billion in 1982 to \$1.95 billion in 1983. The decline equalled \$500 million.

As for now, the demand for oil has dropped, and the OPEC countries are also trying to dispose of their products. This has had a large effect on supply and demand in the market for Egyptian petroleum. Egypt has begun to dispose of its oil at an average price of \$25 per barrel. Thus, Egypt is losing \$500 million that had been appropriated in the development plan. This was a blow from abroad. But what about the blow that came from inside?

Before turning to this blow, we must say that its most important quality was that Egypt did not expect it. Therefore, it was very cruel. The petroleum boom experienced by Egypt between 1973 and 1983 made Egyptians feel that they were on the road to becoming a great oil country. After that, all their dreams of progress and prosperity would be realized.

Here it is necessary for us to review the petroleum boom Egypt experienced during the last 10 years. If we consider the principal goal of Egypt's

petroleum strategy, we will find it was based on developing Egypt's petroleum and natural gas resources. Exploration and discovery efforts were intensified so as to cover every square inch of Egypt's land and territorial waters. As is well known, the sphere of discovery is more subject to financial dangers than any other sphere of petroleum-related activity, not to mention the enormous investments that are required. This was beyond Egypt's financial capabilities.

Thus, Egypt began working to attract foreign oil companies of various nationalities with excellent international reputations. They were to explore for oil and natural gas, and the principle of output sharing was to be applied. Egypt signed a whole series of agreements with them. The number of such agreements concluded between 1974 and 1983 reached 82, and they were signed with companies of 15 different nationalities. In comparison with this, only five agreements were concluded with three companies up until 1973. In this way, the contracting companies committed themselves to spend a total of \$1.65 billion. In addition, they spent \$155 million as non-refundable signing compensation. The agreements covered huge areas of Egypt's land and territorial waters amounting to 711,000 square kilometers.

This intense activity had to produce good results, especially given the rapid increase in the rates of exploratory drilling, both on land and undersea. For example, in 1974, a total of 154,000 feet of drilling was done. Of this, 54,000 feet of drilling was done underwater, while 100,000 feet of drilling was done on land. In 1983, the figure was 769,000 feet. Of this, 443,000 feet of drilling was done under the sea, while 326,000 feet of drilling was done on land. As for the number of exploratory wells, 46 were dug in 1974, 9 under the sea and 37 on land. Last year, the number was 75, 43 under the sea, and 32 on land.

## 21 Discoveries

As for the good fruits of all this activity, they consisted of a large number of crude oil and natural gas discoveries. Between 1973 and the end of 1984, 21 oil discoveries were made, 18 of them in the Gulf of Suez and 3 in the Western Desert. It has been noted that since the mid-1960's, the Gulf of Suez has been the main source of the country's crude oil production.

It accounts for 72.9 percent of total output. It is followed by the Sinai fields, which account for 20.4 percent. Next comes the Eastern Desert, which provides 4 percent. Last of all is the Western Desert, which provides 2.7 percent. Egypt's output rates for crude oil have risen in similar fashion from 8.5 million tons in 1973 to 34.8 million tons in 1983. The output of natural gas rose from 33,000 tons in 1975 (the year when natural gas discoveries began) to about 2.5 million tons in 1983.

Moreover, the 1970's witnessed a fundamental change in the capacity of Egypt's refineries. Six refineries are now located in Egypt. They are owned by four companies. Their total capacity is 18 million tons. As for real output of refined substances, it has increased along with the rapid

development in rates of consumption. In 1970, the refineries' total output of refined substances was no more than 3.2 million tons, while the amount consumed was 5.9 million tons. In 1975, the output of the refineries rose to 8.7 million tons, while 7.4 million tons were consumed. In 1983, the refineries' net output was about 17 million tons, while consumption was about 16.9 million tons.

In completing our review of the petroleum boom experienced by Egypt between 1973 and 1983, we can say that if it were not for the oil, Egypt would not have been able to achieve any of its plan. Nor would it have been able to provide food for its people. In 1973, the net deficit in the petroleum balance of payments was \$121 million. As a result of the jump in oil prices, this figure increased to \$229 million in 1974. But after the battle engaged in by the oil sector for the sake of intensifying search and discovery operations, the deficit began to decrease. In 1975, it was only \$65 million. One year later, the sector began to generate surplus income estimated to be about \$1.661 billion. In 1980, it rose to about \$2.653 billion, and in 1981, it reached about \$2.95 billion. In 1982, this figure fell to \$2.457 billion, and one year later it fell again to \$1.95 billion, as a result of the aforementioned agreement on world oil export prices.

The petroleum plan for 1983-1987 states that crude oil production is expected to reach 50.3 million tons. The plan confirms that this figure was calculated realistically. The output from some old fields is on the decline, but this development is countered by a large number of new discoveries that are still being developed. Moreover, natural gas production is expected to rise from 3.4 million tons to 12.9 million tons.

In terms of refining, the plan states that refining policy is based on the same considerations. There is a surplus of refining capacity in the world, and this makes dependence on the exporting of refined products impractical from an economic point of view in comparison with exporting crude oil. Thus, the plan calls for limiting increases in local refining capacity to what is needed to meet local needs, along with providing a reasonable margin of safety. Thus, the total capacity of the local refineries will be about 20 million tons by the end of the plan period.

In terms of foreign trade, the plan expects that the balance of payments surplus will be \$4.1 billion by the end of the plan period. Egypt hopes to reach this figure in 1987.

#### Local Consumption

As for local consumption, history shows that it is subject to irregular jumps. In 1952, for example, consumption was 3 million tons. After 20 years, in 1972, the figure had doubled and reached 6.2 million tons. In the 10 years between that date and 1983, consumption increased three times, reaching about 18 million tons. The annual increase in consumption is between 12.5 percent and 15 percent.

Natural gas consumption is rising, and that fuel is now taking the place of liquid fuel in the operation of some factories. When one takes both this and the spending on the construction of nuclear power stations into account, one can expect to see the rate of increase in consumption fall hereafter to only 8.5 percent, approximately. Thus, the quantity consumed in the year 2000 should be about 65.8 million tons. This will be consumed by 68 million Egyptian citizens, with each individual's share being 967 kilograms.

When the year 2000 dawns, the greater part of petroleum consumption will consist of local consumption of automobile and home fuel, as well as butane and fuel for factories and workshops. These uses will account for 38.3 million tons, or 72 percent of total consumption. As for the remainder, it will be used to generate electricity. Of this amount, 7 million tons of petroleum will go to thermal stations. In addition, 8.2 million tons of petroleum equivalent will come from the hydro-stations and 12.2 million tons from the nuclear stations.

These facts make it clear that nuclear and hydro-power will be equivalent to only about 20.5 million tons of oil products. Local consumption will demand 45.3 million tons worth in the form of petroleum and gas. In order to produce this quantity, Egypt will have to produce about 100 million tons of crude oil in order to come up with 45 million tons of refined petroleum products, because the cost of exploration, discovery, and production, in addition to the share of the international oil companies cooperating with the oil sector, will take up about 30 percent of total production.

Now we can see the dilemma from which Egypt is suffering. All it can do is adopt the slogan of "rationalizing consumption". The blow coming from the outside can be overcome, but the danger from the inside cannot be controlled.

Recent years have been characterized by a large increase in rates of consumption. In some years, they rose by as much as 15 percent. This is considered a clear indicator of the take-off of economic activity in the various sectors, not to mention the continuous improvement in the living standards of the various sectors of the population. Perhaps the combination of rapid development in various fields of economic activity and the growth of the population is behind the increase in the rates of consumption and the quantities consumed. The large increase in the consumption of industrial fuel has been matched by a large and similar increase in the demand for home fuel and electric energy. The demand for gasoline and solar fuel has also increased, as a result of the very rapid increase in the number of automobiles and similar growth in public transportation facilities.

Nevertheless, conservation is very important. The Egyptian government has been very interested in the subject. Therefore, it has held several conferences to study the various aspects of wasteful consumption and the factors that encourage it. In this area, it has turned to studies done by specialized foreign consulting firms. One of the most important causes has been the low price level at which petroleum-based fuels have been sold on the local market. These prices are excessively low in comparison with world

prices. This situation amounts to an incentive to the wasteful consumption of petroleum products. In addition, it is accompanied by a distortion of the true image of the national accounts. Last year alone, the value of the hidden support given to the prices of such products amounted to 1,718,000,000 pounds. This figure will increase from year to year as consumption increases rapidly.

In light of these studies, Egypt made a number of decisions. One of them was to establish a department responsible for the provision of energy, and a higher committee on energy to be headed by Engineer Ahmad 'Izz-al-Din Hilal, the deputy prime minister and minister of petroleum. The ministers of electricity, industry, and transportation sit on the committee. Each government unit is considered responsible for carrying out the directives. Strict measures are to be taken against factories that break them, and incentives are to be given to each agency that conserves. Many other decisions have been made, but as is often the case, they are no more than ink on paper. Thousands of pounds are spent on conferences held to discuss methods of conservation. Nevertheless, both the government and individuals have failed to achieve any reassuring results in the area of conservation. The challenge is still there!

12224

CSO: 4504/205

## REORGANIZATION OF NATIONAL DEMOCRATIC PARTY PLANNED

London AL-MAJALLAH in Arabic No 209, 11-17 Feb 84 p 8

[Text] Party sources in Cairo have confirmed that Dr Fu'ad Muhyi-al-Din, the prime minister and general secretary of the ruling National Democratic Party (NDP), has been devoting himself recently to a review of the party's organization on the level of the general secretariat and the governorate secretaries, in order to carry out broad-ranging changes in the ranks of the party before opening the door of the nominating process to the party's members for the elections to the People's Assembly. The sources indicated that the party's lists would contain some artists and famous soccer players, including actor Nur al-Sharif, who is expected to be nominated in al-Gizah, and Hamadah Imam, a former player for al-Zamalik, who is expected to be nominated in al-Sayyidah Zyanab. The electoral campaign is now being waged furiously by the ruling party and the opposition. Party sources have confirmed that the Committee for the Defense of Democracy dedicated its latest meeting to discussing President Husni Mubarak's intention to stay on as chairman of the ruling party and travel in person to the governorates in preparation for the coming elections. The sources have said that such a stance could push some opposition parties, which are calling for President Mubarak to stay neutral during the elections, to announce that they are boycotting them. The ruling party and the opposition are competing for the New Wafd Party. At the latest meeting of the NDP's parliamentary board, Muhyi-al-Din praised the Wafd's refusal to take part along with the opposition parties in the party. He said that all the opposition parties together would not win more than 15 percent of the seats in the parliament in the coming elections.

The Wafd has announced its refusal to participate in the meeting of the opposition parties which the latter called for recently in 'Abidin Square. The deputy chairman of the Wafd Party explained that the decision not to take part was based on the lack of definite subjects for discussion and the presence of some personalities with no party character. He said the Wafd opposed their participation. He said as well that the Wafd did not know whether the opposition wished to compete with the government or fight with it.

12224

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## BRIEFS

SINAI UN FORCE--Informed diplomatic sources in Cairo noted that Egypt failed to convince the Soviet Union to change its position in opposition to sending an international force belonging to the United Nations to work in the Sinai instead of the multinational force, in which Australia, Holland, Britain, France, the United States, Italy, Colombia, and Fiji are involved. The mandate of the aforementioned force ends this May. It has also been learned that Israel complained to force officials that Egypt was undertaking an expansion of its military infrastructure in the Sinai so that it can absorb additional military forces in excess of the number set in the Camp David accords. [Text] [London AL-MAJALLAH in Arabic No 210, 18-24 Feb 84 p 9] 12224

NDP PLATFORM STUDIED--Parliamentary sources in Egypt said that the general secretariat of the ruling National Democratic Party will issue a decision in the coming weeks to form a committee of its members to prepare the party's platform for the coming elections. The sources explained that the members of the general secretariat are trying to see that the platform contains the achievements realized by the party and the government during the last 2 years (the term of President Mubarak), without reference being made to the period of rule by the late President al-Sadat. The latter is the weak point in the program and can be exploited by the opposition parties. This is especially true of the events of September 1981. [Text] [London AL-MAJALLAH in Arabic No 210, 18-24 Feb 84 p 9] 12224

CSO: 4504/205



PROBLEMS OF GRAIN CULTIVATION EXAMINED

Tunis L'AVENIR in French No 33, Jan-Feb 84 pp 29,30

/Article by Mohamed Bahri: "Crisis and Solutions"/

/Text/ This has already been said and developed in our columns and elsewhere but it certainly does not hurt to remind you, firmly and emphatically, that our grain shortages are neither an unavoidable fact nor are they the inevitable result of increased consumption.

Wheat is one of the oldest crops grown in North Africa and particularly in Tunisia. As far back as in the Neolithic Age, and long before the Punic conquest, a hard wheat variety of Abyssinian origin, and known under the common name of "iriden," was cultivated in Tunisia.

Later, under the rule of Carthage and before the Roman occupation, the "hinterland"--an area where grain was cultivated by methods scientifically perfected by agronomists such as the famous Magon--produced most of the grain exported by Carthage to a number of Mediterranean countries.

After it became a Roman province, Carthage was the breadbasket of Rome thanks to its fertile lands. Plinus mentions crops with yields of "100 and even 150 to 1."

Working for Successive "Metropolis"

Grain farming continued to thrive after the Arab conquest and more particularly under the rule of the Aghlabites and Hafsites, most of all in the Baja region. During the French occupation, large colonial holdings managed by agronomists produced hard wheat and barley to supply the French market.

So we have two undisputable facts:

First, grains have been part of the Tunisian economy since time immemorial.

Second, throughout its history Tunisia was famous for its rich and fertile lands.

But the grain crops grown under Tunisia's successive occupiers--Berbers, Phoenicians, Romans, Arabs and French--were intended to provide the grain needed by the different "metropolis" and there was little concern for the local population.

The "indigenous" farmers had their land expropriated and were pushed into marginal zones, or else they were forced to surrender part of their crops as a tithe or to take jobs as agricultural workers.'

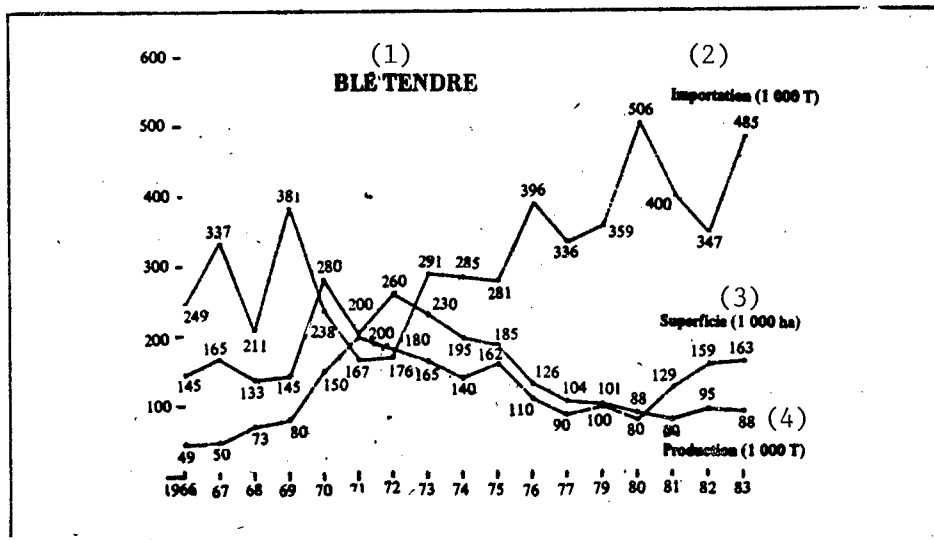
Immediately after our independence it became necessary to turn grain farming into a national activity the main purpose of which was to satisfy the domestic needs of the country and to be one of the means of improving the standard of living of the farmers.

So a double objective was pursued:

-to provide enough food for the country by increasing grain production so as to meet the growing demands of human and animal consumption,

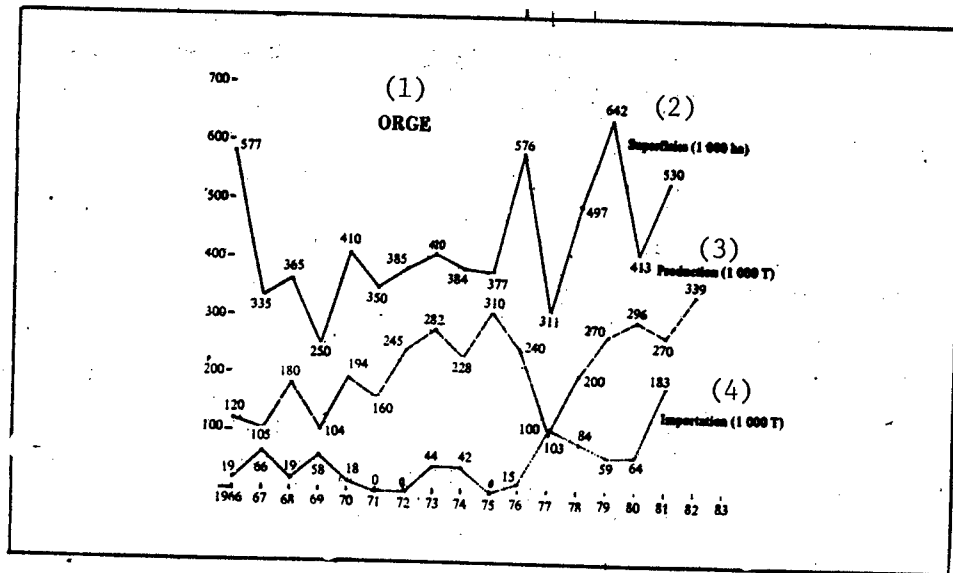
-to improve the farmers' living standard by paying them a fair price for their product.

A study of changes arising over a 15-year period (1966-1983) in planted acreage, production and imports of grain (see graphs) shows that these objectives have not been attained.



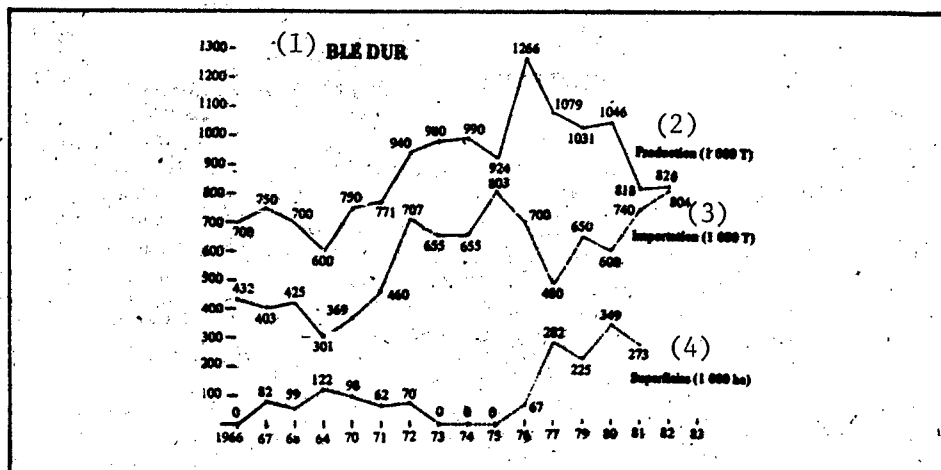
Graph 1: Soft Wheat

- Key:
1. Soft wheat
  2. Imports (1,000 tons)
  3. Acreage (1,000 hectares)
  4. Production (1,000 tons)



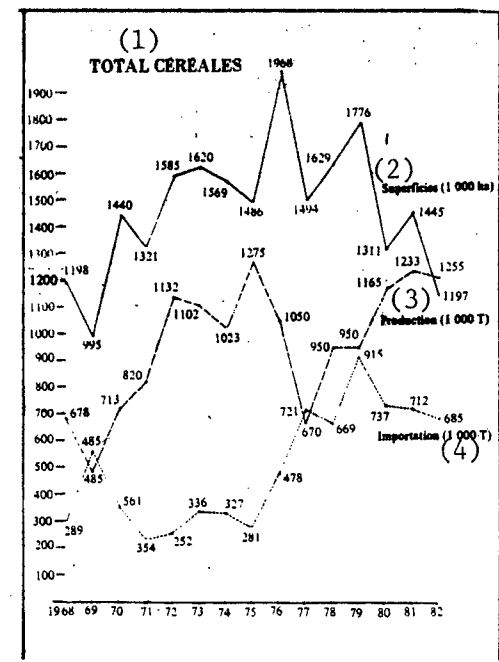
Graph 2: Barley

- Key:
1. Barley
  2. Acreage (1,000 hectares)
  3. Production (1,000 tons)
  4. Imports (1,000 tons)



Graph 3: Hard wheat

- Key:
1. Hard wheat
  2. Production (1,000 tons)
  3. Imports (1,000 tons)
  4. Acreage (1,000 hectares)



Graph 4: Total grains

Key: 1. Total grains  
 2. Acreage (1,000 hectares)  
 3. Production (1,000 tons)  
 4. Imports (1,000 tons)

Actually, while production is stagnating imports of grain are constantly rising to meet the growing needs of consumption.

Also, since grain and grain by-products account for most of the food consumed by families, particularly low income families, prices have been kept in check. This has resulted in higher expenditures for the General Compensation Fund (approximately 50 percent of the total), a situation compounded by the fact that it is also necessary to remunerate the growers who face higher production costs particularly for labor and capital goods (fuel, fertilizers, equipment and so on).

This situation is likely to have an adverse effect on the entire Tunisian economy which must support that grain deficit characterized by:

-an increasing volume of imports

-and, at the same time, the need to ensure a fair remuneration for farmers and prices of grains and grain products which are affordable for low-income consumers.

#### Natural Hazards and Dual Structures

It is therefore imperative to increase the rate of production through:

-First, the optimal utilization of grain-growing lands covering 800,000 hectares in the north and 550,000 hectares in the central and southern regions.

-Second, the use of capital goods and appropriate farming methods.

There is no question that weather conditions which produce irregular rainfalls, unevenly distributed and of a torrential nature are a random factor which imposes restrictions. But rainfall alone cannot explain the stagnation of production.

Grain farming has progressed from the stage where it consisted of a single crop with fallow lands to the stage of being part of a system of crop and land rotation alternating with fodder and cash crops, all of which is described under the comprehensive name of "large-scale farming" which utilize all the available natural potentials.

A final point is that two sectors are engaged in grain farming:

-The sector described as "modern" formed by the cooperative, state and private sectors which have access to credit and can count on a better utilization of farming techniques and capital goods. It represents the largest sector and practices intensive farming.

-The traditional private sector consisting of small holdings with limited access to credit and limited capital goods.

While the modern sector has reached 50 percent of its production capabilities, the traditional sector, on the other hand, has only achieved between 10 and 20 percent of its potential.

Therefore one of the obstacles to increased production is the lack of an organized supply sector responsible for providing production requisites for farmers who need a rapid movement, in terms of distance and time, of these requisites--mechanization, seeds, fertilizers, weed killers, harvesting and so on.

The table below shows that in the northern region less than 200,000 hectares of the 800,000 cultivated receive adequate supplies of these production requisites.

### Changes in the Use of Capital Goods

Seasons	1976-77	1977-78	1978-79	1979-80	1980-81	1981-82	1983
Weeded acreage (hectares)	12,300	164,000	112,000	164,000	234,000	227,000	205,000
Super (T)	56,000	44,000	46,000	48,000	50,000	75,000	80,000
Ammonium							
Nitrate (T)	40,000	33,000	38,000	37,000	48,000	75,000	63,000
Selected							
Seeds (qx)	100,000	86,000	145,000	116,000	164,000	169,000	160,000

A reform of the structures which precede and follow the production stage is absolutely necessary.

Therefore the traditional farming sector can only join the ranks of modern agriculture if it receives guidance from the service cooperatives which have strong human and financial resources.

The sector known as "modern" which is formed by the cooperative, state and private sectors and has better lands and greater access to credit and to production requisites (fertilizers, mechanization, seeds, weed killers and so on) has not reached its proposed targets.

That sector will not be able to fulfill its role until it is given a clear-cut policy and until its structures and management methods are reorganized.

A last remark to close: the Ministry of Agriculture should concentrate on two problems with as little red tape as possible:

- Adequate supply of production requisites for farmers.

- Research on adapted methods of cultivation and improved seeds that will enable grain farming to move on to the stage of maximum productivity.

Some kinds of grains which are used as animal feed, corn in particular, are still not cultivated on a large scale in Tunisia. As a matter of fact we import 1.5 million quintals of corn a year at high prices.

Equally unacceptable today is the fact that we are almost entirely dependent on imports in an area such as poultry farming.

These are only two examples among many others. They should provide food for thought...

8796

CSO: 4519/110

OFFICIAL INTERVIEWED ON SIGNIFICANT ASPECTS OF NEW BUDGET

Manama AL-ADWA' in Arabic 14 Jan 84 p 7

Interview with Deputy Minister of Finance for Planning Ibrahim al-Hamar; date and place not specified

Text Mr Ibrahim al-Hamar, deputy minister of finance for planning affairs, shed light on the executive measures for the new 2-year budget for 1984 and 1985 pertaining to oversight and control functions that govern all aspects of spending under circumstances of guidance. This issue has become a major theme for development activity aimed at maintaining rates of development in order to achieve greater prosperity for the citizens in the present and insure the means of prosperity for coming generations. Following are Ibrahim al-Hamar's responses to questions concerning the executive measures of the budget and the scope of the financial regulations that have been and will be issued.

Question What is the general framework of the budget for fiscal years 1984-85?

Answer The state budget for fiscal years 1984 and 1985 expressed the state's hopes and aspirations for the achievement of economic prosperity and social development and the realization of security and peace in this country. This is clearly evident in the budgetary allocations set aside for the government ministries and departments.

The world is experiencing unstable economic conditions as a result of a number of different factors. The most important of these for us are conditions in the oil market and the influence of these conditions on the balance of payments. This is because the revenues of the oil sector will represent 68 percent and 63 percent of our revenues for the years 1984 and 1985 respectively. But despite all this, the 1984-85 budget has struck a balance between revenues and expenditures.

The credit for this goes to government financial and economic policy which is planned by his highness the amir, who gives it his constant attention. Credit is also due to his highness the prime minister and crown prince and the wisely guided government. In addition, the esteemed Council of Ministers has issued directives regulating expenditures in order to achieve the optimum utilization of limited resources based on fluctuations in the world economy

and the impact of these fluctuations on the financial conditions of the state. Moreover, the parliament has issued important decisions in this area, including the freeze on the size of the workforce in all ministries at 1983 levels and a ban on the sale of cars or the exchange of all kinds of furnishings for 2 years except in hardship cases. All of these factors have had an active influence in the development of this balanced and tough budget for Bahrain. Other big influences have been the efforts of this ministry, its desire to develop its accounting and budgetary systems and its employees at all levels, and the conscientiousness of the minister himself.

The 1984-85 budget represents a radical effort in terms of the method of preparation and the means of oversight in comparison to budgets of previous years. For the first time, planned and programmed budgeting has been applied. This system is aimed at defining the desired goals and objectives of the various government ministries and departments and then allocating the necessary resources and allocations to achieve these goals while monitoring performance and productivity step by step and measuring them against the budgetary allocations.

Question What preparations has the Ministry of Finance and National Economy made to implement the new budget?

Answer Undoubtedly, the preparations for implementation of the budget pertaining to oversight and control of the expenditure and collection of allocations will be better than in previous years. This is because the employees of the General Budget Department have worked with the various agencies responsible for the budgets within the ministries and government departments in preparing their budget estimates. This was the first step in the effort to meet the requirements of implementation. We also hope that the automated systems that will be applied starting with this budget will supply progressive dimensions in the control and disbursement of the budget.

We have also created a unified classification of state revenues and expenditures which is designed to be more appropriate and comprehensive in order to meet the needs of the ministries and government institutions based on recommendations put forward by these organizations. In addition, I would like to point out that the Department of Financial Planning and Programming has prepared a transitional plan aimed at formulating the basic criteria for evaluation of government programs and assessing their performance relative to the mode and quality of their expenditures and the allocations provided for them in the new approved budget. The employees of this department will visit the government ministries and departments according to a specified schedule. They will then submit reports and results to the officials of the organizations and also to the Council of Ministers when this is desirable or necessary.

Question What financial regulations will be issued in the near future?

Answer First, I would like to state clearly that all the financial regulations that have been issued and will be issued in the near future from this ministry are an end result of the highly divided nature of the financial and accounting responsibilities and tasks in the state. We are working from the basis that so long as these regulations are aimed at advancing government



action there is no harm in testing these regulations before they are issued and establishing coordination and cooperation with regard to them with all affected agencies before they are finally issued. The regulations remain subject to change based on practical and developmental requirements. An example is the regulation regarding public bidding competitions, which was modified to meet the wishes and requirements of certain ministries with primary involvement in this matter. As for the regulations that will soon be issued, they are as follows:

1. Modified public bidding competitions regulation.
2. A regulation concerning emergency loans to employees of the Bahrain government.
3. A regulation concerning furnishings.
4. Credit policy for electricity and water affairs.
5. Measures regarding the payment of subscriptions in regional and international organizations.
6. The organizational structure of the Ministry of Finance and National Economy.

Question Can you shed some light on the development of state expenditures during the past 5 years?

Answer The state budget underwent large growth during this period. This is due to the expansion and diversification of the services of government agencies and the increase in the volume of these services because of continued rapid growth in the economic and social sector. This is clearly shown by real spending for the past 5 years. The total budget for 1983 is 82 percent higher than the 1978 budget. Approved expenditures alone grew by 56 percent during the same period. This is due first of all to the large growth in employment as a result of the expansion of the size of the administrative agencies due to continued growth and progress, as stated previously. The average hiring rate for the period mentioned was 1,060 employees per year. Construction expenditures increased approximately 45 percent from 1978 to 1983 despite the fact that most of the major construction projects in the program are almost complete.

Question What is the share of the labor force in the approved budget?

Answer Expenditures for the labor force represent 59 percent of all approved expenditures while other categories represent 41 percent. The expenditures of the labor force for 1984 are 14 percent higher than the 1983 level.

This increase is due primarily to a change in the constituents of the first category according to the new classification. New classifications have been added to this category, such as foreign and domestic training sessions.

Question What allocations have been made to the ministries and government departments?

Answer Our wisely led government has given great attention to the state sectors, and particularly those sectors connected with the daily life of the citizens. The government endeavors continuously and with determination to develop and modernize these sectors so that they can better perform their services to the citizens in the desired manner. To cap the matter, we can review the allocations made to the ministries and government departments according to the sectors to which these departments belong, as follows:

1. General administration sector: Allocations for this sector totaled 32 percent of the approved budget, which is around 343 million dinars for the 2 successive years. This sector includes the provision of important services, including the Ministry of Justice and Islamic Affairs, the Civil Service Bureau, statistics, and others.

2. Infrastructure sector: This sector's share of approved expenditures is 21 percent. The sector includes housing services, public works, electricity, water, communications, civil aviation, customs, and ports.

3. Social services sector: This sector has an important role in meeting the citizens' needs for social services. It received 31 percent of the allocations. Services in this sector include education, health, information, labor, social affairs, the General Youth Organization, athletics, etc.

4. Economic and manufacturing services sector: Allocations for this sector, which involves various aspects of planning including economic planning, totaled 18 percent of the budget. Services in this sector include those related to trade, agriculture, development, industry, finance, central depositories, studies and research, cost-of-living assistance, etc.

We should also mention just a few examples of the programs and activities that will be implemented and developed through the new reapproved budget. These are as follows:

A. With regard to the infrastructure sector, electric power stations will be expanded, electric transmission lines will be built to carry power to new residential areas, a Tanasukh aksi project will be implemented, the public transportation fleet will be upgraded with the latest vehicles, and so on.

B. In the social services sector, two new health centers will be opened and an educational television system will be added to the program of the Ministry of Education while the ministry's logistics office will be developed. We should not fail to mention the completion of purchases of modern television sets and equipment.

C. In the economic services sector, programs will include computer applications in the Ministry of Finance and National Economy and the strengthening of the role of the centralized logistics office. In addition, a slaughterhouse department will be created in the Ministry of Trade and Agriculture and

the necessary commodities will be provided to the citizens at fair prices in accordance with the cost-of-living assistance program.

D. In the public administration sector, it is anticipated that computer and microfilm applications will be added to the activities of the Ministry of Justice and Islamic Affairs, especially with regard to court cases and real estate registration documents. In addition, automated systems will be developed in the Civil Service Bureau.

Finally, we hope that after the ministry moves into its new building around the middle of March, we will be able to provide better services and that we will be able to implement the automated and computerized systems for the benefit of the ministries and the government departments.

8591

CSO: 4404/341

## LABOR'S ABILITY TO FORM A VIABLE GOVERNMENT DISCUSSED

Tel Aviv NEWSVIEW in English No 6, 7 Feb 84 pp 11-13

[Article by Ya'acov Bar-Natan: "Labor-a viable alternative?"]

[Text]

**T**here will be no more talk of an alternative government," said one highly-placed Labor Party Knesset member after the defeat this week of motions of no confidence. "There is nothing else to do but seek new elections at the earliest possible opportunity."

The Knesset vote ended eight hours of angry debate accompanied by intensive backstage horse-trading. "Hitchcock could have learned a thing or two about tension from Tami," said an exhausted coalition-whip MK Pinchas Goldstein. "They played their cards with real skill." With grudging admiration, he admitted that neither he nor anyone else knew until the last minute which way Tami would vote. The party's performance was all the more impressive since there was little or no chance that the government would fall. For even if the three Tami MKs had voted with the opposition, the result would have been a draw, 59 to 59, and the no-confidence motions would not have passed.

The debate was an opportunity for a full-scale opposition attack on the government's economic performance, against the background of the recent National Insurance Institute report indicating that hundred of thousands of Israelis are living below the poverty line. "When you first came to power [in 1977]," Labor Party chairman Shimon Peres told the Likud, "inflation was 30 percent annually. Now it is 300 percent." Israel's external debt tripled, and exports dropped drastically. Working peo-

ple are unable to live on their earnings, he said, and there are no jobs for young people returning from the army. "In 1975," Peres said, "Israel's agriculture was as advanced as that of the United States. Our technology was comparable with Japan's, and our arms industry was like that of France. Now Israel's economy is reminiscent of Turkey or Bolivia."

In reply, Finance Minister Yigal Cohen-Orgad denied opposition charges that the Likud has failed to provide jobs. More than 300 new enterprises have been set up under Likud administration, he said. As for the poverty figures,

Cohen-Orgad argued, anyone who read the entire NII report, not just the elements seized upon by the media, would see a totally different picture. The poverty line is a theoretical concept which moves upward along with the general rise in the standard of living, he said, and consequently more people are considered below it. He admitted that the government has budgetary problems but blamed this partly on the welfare policies advocated by Tami. "Because we have been trying to provide the same services and support for everybody," Cohen-Orgad said, "we have been unable to provide enough support for those who really need it."

The real drama, however, took place behind the scenes, in negotiations between Tami and the Likud leadership. Tami demanded implementation of a long list of measures aimed at helping low-income groups. Included were: a minimum-wage law, increased family allowances and adjustment of the tax threshold.

Tami's Labor and Social Affairs Minister Aharon Uzan estimated these measures would cost the Treasury about five billion shekels, but the Treasury's estimate was much higher. Around noon on the day of the debate, it appeared that agreement had been reached. Tami chairman Aharon Abuhatzzeira told reporters about a list of promises extracted from Cohen-Orgad. The finance minister, said Abuhatzzeira, would confirm the promises in writing. However, later on in the afternoon there were problems with the agreement, and Tami again threatened not to support the government in the vote.

Former Likud Finance Minister Yigael Hurvitz accused Tami of blackmailing the government at a time when inflation is almost out of control and there is a desperate need to curb government spending. "If the government gives in to this extortion," Hurvitz warned, "I will not vote for it." In the event, Hurvitz abstained, a very serious action for a coalition member in a no-confidence vote.

For his part, Abuhatzzeira rejected the charge of extortion. "Nobody forced you to sign a coalition agreement with us," he told the Likud. "But since we gave you your majority, you have to realize that we (Tami) have a platform, and we owe it to our voters — the poor — to implement it."

Cynics would tend to agree with Hurvitz that Tami exploited the opposition's no-confidence motions in order to extract concessions from the Likud. The other small coalition parties were angry over Tami's behavior. "We in Agudat Yisrael do not make demands on the Likud just before a no-confidence vote," said MK Avraham Shapira. (However, the Aguda did make a series of demands just before the coalition agreement was signed, at a time when Yitzhak Shamir — then prime minister-designate — thought that everything was already agreed upon).

Also accusing Tami of opportunism was National Religious Party MK Yehuda Ben-Meir. "Now that the finance minister has made such expensive concessions to Tami on the issue of poverty, he said, "we will have to adopt a new attitude regarding the education and defense budgets." Asked whether this meant the NRP would extort an increase in the education budget, Ben-Meir replied: "Extort? Heaven for-

bid! I just meant we'll have to adopt a new attitude."

But the Likud proved it could be just as tough as Tami. As soon as it obtained Tami's vote in the no-confidence debate, it began backtracking on the agreement. "Yes," said Cohen-Orgad, "we did agree to submit a minimum-wage bill without delay, and that will be done. But the decision to update tax brackets and family allowances was only an agreement in principle. The details will have to be worked out by Tami and the Treasury."

The entire episode illustrated the paradoxical state of the Likud-led coalition — its weakness and its durability. Scarcely a week goes by without rumors that this or that party is holding talks with Labor Alignment leaders on forming an alternative government. If it is not Tami, then it is the NRP; if it is not the NRP, then it is Agudat Yisrael or one of the dissident groups in the Liberal Party, so the rumors say. On the surface, there seem to be good reasons why these groups might wish to bolt the coalition. Tami's Uzan, originally of the Labor Party, openly admits that Labor's socialist outlook is closer to his own than that of the Likud. His deputy, Benzion Rubin, also concedes that Tami is prepared to serve in a Labor-led government if the Likud fails to fulfill its coalition promises.

The NRP, for its part, has lost votes to its present coalition partners. In the last election, in 1981, when the NRP's strength dropped from 12 Knesset members to six, some of its voters defected to Tami, others to the Likud or Tzohar. The more dovish NRP members, such as MK Avraham Melamed and Religious Affairs Ministry director-general Rabbi Moshe Salomon, openly favor renewing the party's "traditional partnership" with the Labor movement.

The ultra-Orthodox Agudat Yisrael party also has complaints against its Likud coalition partner. Many Likud promises, such as the controversial Who-is-a-Jew amendment, have not been carried out. One of the four Aguda MKs, Menachem Porush, makes no secret of the fact that he would have no objection to serving in a Labor-led coalition. The Alignment, he says, has promised not to take away what the Aguda achieved under the Likud, namely amendments to the autopsy and abor-

tion laws. Asked whether Labor promised the Who-is-a-Jew amendment, Porush was evasive. Though it is almost certain that the Alignment made no such promise, Aguda also has little hope of getting the amendment passed under the Likud either. So in this instance there is little practical difference between the Likud and the Alignment

from the Aguda's point of view.

Publicly, the Alignment's position has been extremely hostile toward all Aguda-initiated religious legislation, as well as the budget allocations which the Likud has granted to schools and rabbinical colleges. If the Alignment's declared position is any guide, the Aguda is much better off with the Likud.

The same applies to the NRP. The party's Young Guard faction, headed by Education Minister Zevulun Hammer and former Deputy Foreign Minister Yehuda Ben-Meir, is committed to settlement throughout the administered territories. Though Hammer recently has voiced second thoughts about this position, it would be a very sharp break if the two joined the Alignment, which supports settlement only in selected parts of Judea and Samaria.

Labor leaders have set great store by the mavericks in the Liberal Party, but as time passes, their hopes have dwindled. At first there were four mavericks — MKs Dror Zeigerman, Yitzhak Berman, Menachem Savidor and Dan Tichon. It now appears unlikely that Savidor or Tichon will leave the Likud in the near future. Zeigerman and Berman, both more dovish than the rest of the Likud, might quit over the question of settlement in the territories, but they are both lifelong Labor opponents. They might try to set up a centrist bloc together with the small Shinui Party. But on no account will they team up with the Alignment, so they say.

The most unlikely rumor spread by Labor Party sources was that Energy Minister Yitzhak Moda'i's supporters were ripe for defection. According to the rumors, Moda'i and his backers were talking to Labor chairman Peres and former Likud Defense Minister Ezer Weizman about forming a centrist bloc. Peres' supporters implied that such a bloc might be prepared to team up with the Alignment and bring down the Likud government. It is true that Moda'i was frustrated in his bid for the Finance Ministry and is on bad terms with his

liberal colleague Gideon Patt, minister of commerce and industry, and other factions in the party. It is also true that Moda'i and his supporters are not above encouraging rumors in order to further their own ambitions inside the Liberal Party and the Likud. However, the likelihood that they would actually team up with Weizman or the Labor opposition is very slim. In the first place, it is not clear whether Weizman is interested. Secondly, it is doubtful whether the Moda'i group is keen on the idea: Weizman is a political pragmatist

and a dove by Likud standards, while the energy minister's supporters — Pinchas Goldstein, Pessach Grupper, Benny Shalita and Yehuda Perach — are all extreme hawks.

As for Tami, although Abuhatzeira and the party's other two MKs, Aharon Uzan and Benzion Rubin, are moderates on settlement and foreign policy issues, much of their Sephardi constituency is extremely hawkish. During the last election campaign, participants in a Tami rallies chanted "Begin, Begin." For these voters, the idea of an alliance with the "Ashkenazi" Labor movement is repugnant.

All three small parties — Tami, the NRP or Agudat Yisrael know that it is one thing to bring down the government, but it is quite another matter to form an alternative coalition. It is intrinsically harder for Labor to set up a government than for the Likud, and any small party which bolts the coalition may find itself lost in the political wilderness together with the Alignment. The reason

for this asymmetry lies in the "Hadaash syndrome." The four-man Hadaash-Communist caucus can always be relied upon to vote against the Likud on a no-confidence motion. But the Alignment would never invite Hadaash to join a Labor-led coalition. Alternatively, Hadaash, which openly supports the PLO, would probably never accept such an offer. Even an unwritten alliance is not on the cards, because the Alignment does not want to be dependent on the votes of Hadaash for the survival of its coalition. In other words, to form a government, Labor has to beat the Likud coalition without Hadaash.

For Labor to achieve a narrow majority in the present Knesset, it would have to enlist the support of the two-man Shinui Party (which is by no means guaranteed) and persuade at least seven coalition members to cross the floor of the House. This would increase the Alignment-Shinui strength from 52 seats to 59, and reduce the Likud-led coalition from 64 to 57. Tami, with its three seats, would not be enough. Up until this week's no-confidence vote, the immediate circle of Shimon Peres entertained the notion that if Tami could be persuaded to cross the floor, then the NRP or Agudat Yisrael might follow. Therefore, no effort was spared.

Tami MK's knew that if they left the coalition, their supporters in the ministries of Immigration and Labor and Social Affairs, as well as in the National Insurance Institute, would all be fired. So the Labor leadership offered Tami senior positions in concerns owned by the Labor-controlled Histadrut. Tami's Uzan, who now heads the two ministries, was to have been appointed board chairman of Bank Mishkan, a mortgage bank owned by the national labor federation. Other senior Tami figures were to receive jobs in other Histadrut enterprises at the level of managing-director or board member. Aharon Abuhatzzeira claimed this was not a *quid pro quo* for quitting the government. He said negotiations were conducted by Uzan in his capacity as chairman of the Sephardi Jewish Federation with the aim of integrating Sephardim into the upper echelons of the Histadrut. But Sephardim in the Labor Party itself were angry with Peres over the deal. MKs Shlomo Hillel and Aharon Nachmias sent Peres a letter saying they favor promoting Sephardim in the Histadrut, but not "in a manner inconsistent with public morality, and with the philosophy of the Histadrut."

Even before the failure of the no-confidence motions, a wide spectrum of opposition MKs expressed reservations about any alliance with Tami, the NRP or the Aguda. If these small parties could extort concessions from the Likud, it was argued, they could do exactly the same in an Alignment-led coalition. "We are facing an economic crisis," said one Labor Party leader, "so we have to be able to govern effectively

and implement an economic policy, perhaps a tough one, without having to compromise all the time due to pressure from some small party which holds the balance in the Knesset."

Aside from widespread resistance in opposition ranks to any new concessions to Agudat Yisrael and the NRP on questions of religion, Alignment members say they are not prepared to serve in the same coalition with Tami leader Abuhatzzeira, who recently served a sentence for corruption. Shinui MK Mordechai Virshubsky said Abuhatzzeira should have resigned from the Knesset

for the sake of public morality. Shinui chairman Amnon Rubinstein warned the Alignment not to count on his party's support if Labor makes a deal with Tami or the other small parties. Both Virshubsky and Rubinstein would prefer early elections to an alternative government, along with the Labor Party's junior partner in the Alignment, Mapam. Victor Shemtov, Mapam chairman, refused to discuss the possibility of a deal with Tami, unless it was agreed that everyone would vote to dissolve the Knesset and hold new elections at the earliest possible date.

The question is: why has Shimon Peres worked so hard to achieve goals which proved unattainable — first a national unity government and then an alternative government? As one supporter of the Labor chairman's chief rival, Yitzhak Rabin put it, Peres was only concerned about his own position. He said: "If Peres had been appointed deputy prime minister under Yitzhak Shamir and Rabin had received the Defense Ministry, this would have blocked pressure to get former President Yitzhak Navon to head the Labor Party, and put an end to the feud between Peres and Rabin. After the national-unity government idea failed, Peres and his supporters began spreading rumors about an alternative government, and about the impending defection of groups in the coalition. Now that the alternative government has failed to materialize, we will be hearing about early elections."

According to the Rabin supporter, Peres is trying to maintain an atmosphere of expectancy, because if nothing happens in the next two months, people in the Labor Party will begin realizing that the Likud may stay in power until the end of its term in November 1985. In that case, there will be demands for a Labor Party conference to settle the leadership problem once and for all, and to present a united front when elections are finally held.

In recent weeks, Navon has been saying he will not stand in the way of Peres' efforts to bring down the government. But if there is a party conference, anything could happen. Both Rabin and Peres supporters admit that Navon is an unknown factor. Said one Peres supporter: "If he runs for the party chairmanship, he will rally a lot of support, but nobody knows how much." But until he does declare his candidacy, Navon supporters can be expected to maintain a very low profile.

CSO: 4400/175



## AGRICULTURAL COOPERATION WITH EGYPT THRIVING

Tel Aviv NEWSVIEW in English No 6, 7 Feb 84 p 23

[Article by Bill Clark: "A fruitful peace"]

[Text]

**T**omatoes and melons are among the first fruits being harvested from the Camp David peace accords between Israel and Egypt. The cooperative cultural program, which has been cultivated with some assistance from the United States, has sprouted several new ideas that are of vital interest to farmers tilling arid regions around the world.

While a "cool peace" presently casts a shadow in relations between the Israeli and Egyptian governments, agricultural cooperation between the two countries is blossoming. That's because Israeli and Egyptian farmers have realized that they must contend with the same problems, and mutual cooperation can lead to more groceries for everybody.

One problem is that both countries have kilometer after kilometer of open land spread across vast reservoirs of underground water — the two prime ingredients for agriculture. But when

either country taps that underground reservoir, they find the water is very salty and unfit for irrigation use.

Former Prime Minister Menachem Begin and the late President Anwar Sadat discussed this problem during their May 1979 meeting at Ben-Gurion University of the Negev in Beersheba.

Once agriculture was defined as an important area of cooperation, the U.S.-based Fred J. Hansen Institute for World Peace stepped in. Institute administrators wanted to encourage co-

operative research in the development of agriculture in arid lands. They called a meeting at San Diego State University to see what might be done.

Representatives of Israel, Egypt and the U.S. Agency for International Development mapped out a program for agricultural research in three areas: using salty water for irrigation, improving pastures with fodder shrubs, and introducing new crops into arid-zone agriculture. The salty water irrigation project was given top priority and, at the Israeli end, Dr. Dov Pasternak of Ben-Gurion University was put in charge.

Now two years into the five-year five-million dollar project, the Israeli and Egyptian agricultural researches have made important discoveries which are immediately useful to farmers working in desert areas around the world.

"We've been testing about 20 varieties of melons with various genetic backgrounds," Pasternak said, "and we came across one called 'Even-Kay'. It's originally from Iran, and when we worked with it, we found it exceptionally salt-resistant. It can tolerate up to 9,000 parts per million (ppm) salt in irrigation water without any yield reduction."

Underground brackish water is not only found beneath the Negev. Pasternak points out that nearly every arid region on earth — places where agriculture has traditionally been marginal — sits atop a large reservoir of brackish water. As a new system of agriculture is

devised to exploit this resource, the world's growing population will have a new food source.

In each participating country, research is underway by several different organizations. In Israel, research is being conducted by the Volcani Institute and the Hebrew University Faculty of Agriculture, as well as by Ben-Gurion University's Applied Research Institute. In Egypt, Dr. Adel El-Beltagy is Pasternak's parallel investigator, with research underway at Ain Shams University and the Egyptian Ministry of Agriculture.

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## MIGRATION FROM GALILEE DESCRIBED

Tel Aviv MA'ARIV in Hebrew 17 Feb 84 p 17

[Article by Yaqov Ha'elyon: "It Is Not Worthwhile To Come to the Galilee"]

[Text] Each year it is as though an entire city is erased from the map of the Galilee: Migdal Haemeq, Shelomi, Qiryat Shemona. This is the current feeling among the people of the Galilee. They speak in sorrow about the large number of inhabitants who leave. According to estimates, 15-16,000 persons a year, or the number of inhabitants in an average city.

The number of those who are absorbed is much smaller, although ironically there is a potentially large number of people who would like to establish homes there. "The situation now is worse than it was 10 years ago," says Menakhem Ari'av, the mayor of Upper Nazareth and the chairman of the Galilee Town Council. He and his colleagues, the mayors, claim that the severity of the situation is being blurred due to an optical illusion. Administratively, other areas which are densely populated by Jews, such as the Jezreel Valley, the Gilboa, Bet She'an Valley and the Golan were annexed. This artificial annexation creates the mistaken impression that for every member of the minority there is one Jew. "The truth is that in the real Galilee the situation is much more grave. The number of Jews is only 35 percent and the number is decreasing." In a radius--at whose center is Nazareth, there are 25,000 Jews compared to 110,000 members of the minority. In the Karmi'el area there are 15,000 Jews compared to 125,000 non-Jews. The situation is very grave in Acre and in lower western Galilee.

Out of the 15 Jewish cities in the Galilee, in 9 of them the number of inhabitants is decreasing. Zohar Gindel, the head of the planning unit for development towns, has a more exact number.

"Also in the majority of cities where there is an increase in the number of inhabitants," says Barukh Wanger, the mayor of Karmi'el, "the increase is imagined, since the rate of the increase in most of the cases is lower than the birth rate. Ari'av adds, "These data show that the national birth rate of the Jews in the Galilee is smaller than the minorities' natural birth rate. In 1979, the rate of increase for the Jewish population in the Galilee was .5 percent. In 1980 it increased by 3.5 percent and in all of the succeeding years by only 1.6 percent. The average natural birth rate in the Galilee indicates a definite decline.

"It is not worthwhile to come to the Galilee or to remain there," states Barukh Wanger in Karmi'el and Manakhem Ari'av in Upper Nazareth. Almost all of the incentives which attracted people to the Galilee have been completely eroded. They also place obstacles in their path. Ari'av and others speak almost jealously about the very active "father" of Judaea and Samaria, Yuval Ne'eman, the chairman of the Ministerial Settlement Committee. They compare him to Yaqov Meridor, the chairman of the Ministerial Committee for Galilee Affairs. The latter's committee does not meet.

Barukh Wanger: "In the past the Galilee was a center of attraction for young families--which struggled with the initial problems of getting settled--because they were offered incentives.

Today these do not exist. It has also become worse for new immigrants. Pressure is being exerted on them to purchase their apartments immediately; and in other cases there has been a deterioration in all that relates to the terms of the rental payments for their apartments. Moreover, there is an oppressive shortage of apartments for new immigrants. This absurdity exists despite the fact that there are thousands of empty apartments in the Galilee. Why don't they make it possible for the newcomers to live in them? Because in the past they were not interested in newcomers, and the Ministry of Housing and Absorption will not find the opportunity for coordination in order to change the objectives of the apartments in such a way that newcomers could also live in them."

Ari'av: "For 5,000 empty flats in the Galilee there are 10,000 newcomer families which are waiting in absorption centers because they cannot enter these flats. No wonder that they flee the Galilee. In the meantime a vicious cycle is created: There are people who would live in the flats but they will not let them. And since the flats are empty no new flats are being built."

Barukh Wanger speaks in sorrow about many newcomers who want to settle in the Galilee, among them groups from England and South America. "The emissaries received directives to tell them: Sorry, Karmi'el is not possible. There are no apartments there." This is not true. Karmi'el does have apartments. But because of the lack of communication between officials they cannot decide to allot them to newcomers."

In the Galilee they wonder whether to call this situation an oversight or foolishness; just as they have difficulty in selecting the right term of the two, they also have trouble with another scandal which they refer to as the "shocking abdication of the government in the task of making the Galilee Jewish and especially of the need to solidify existing Jewish settlements." Those who are hurt are members of the second generation of the Galilee towns between the ages of 35-40, people with families who "ate frogs" during the difficult economic and social period of the towns since their establishment. Now that they have established themselves they want to invest what they saved in a house that will improve their quality of life, in the program referred to as "Build your own house." But when they want to actualize that intention, their desire is shattered when they hear the price that the "Arim (cities)" firm, a subsidiary of Israel's land administration is asking for a modest piece of land and development expenses. Menakhem Ari'av: "One would expect

that the government would encourage "Build your own house" but instead it is demanding prices that no one can pay: Why does a citizen of the Galilee have to be a sacrifice for the new economic policy? I think that the land administration is simply not in tune with the needs of the state of Israel. It treats the Galilee land as a commercial business. In Upper Nazareth they want to establish a large Hypermarket. This will offer employment to many inhabitants and will make things easier for them but the land administration is requesting a higher price for the land than what is being asked in Haifa! If "Tenuva" will not be deterred and will buy the land, its price will constitute a precedent."

Many families in Migdal Haemeq, which borders on a very large minority population, felt that blow. A few families have already announced their intentions to leave the town, after it became apparent to them that their intentions of establishing their homes were in vain. Furthermore, it became apparent to them that one can purchase a home at a cheaper price in the center of the country, in new Hadera, for example. When publicity appeared about registration for stage 1983 of "Build your own house" in Migdal Haemeq, 180 families--the social elite of the town--jumped on 136 lots that were offered. Then came the shock. When it became known what "Arim" wants for a piece of land and its development, the number of registrants was immediately reduced by 40 percent. It was reduced even further to 39 families and then to 19 families. In actuality, only 12 families paid the required amount. The rest established a committee headed by Ilan Barnes, a father of four, and his friend, Shlomo Avital--a father of five. Both are in their thirties; they did some research and discovered to their dismay that for the same piece of land which "Arim" offered in 1981 to participants of stage 1 of "Build your own house" for only 3,050 dollars, now it is asking no less than 20,185 dollars; they further revealed that for similar land in Atlit or Afula, the land administration is asking a much smaller sum of money. It's as if Migdal Haemeq has become the Savyen [extremely fashionable Tel Aviv neighborhood] of the Galilee. The committee, which is aware of the distress of the 180 families many of which are renting or living in 70 square meter flats, appealed in writing to the ministers of agriculture and housing and senior officials in their ministries. The letter was sent at the beginning of January. As of the 15th of February, none of them had even bothered to acknowledge receipt of the letter.

This is a picture of the situation: There are newcomers who want to live in the Galilee but they are prevented from doing so. There are veteran inhabitants who want to deepen their roots--and money is being squeezed out of them.

The Galilee is hungry for working hands. In the sophisticated industrial plants they need people with skills but these remain in the center of the country.

A year has passed since the recommendations of the "Ashri Committee", which was set up by the Ministerial Committee for Galilee Affairs, were presented. Many of its recommendations do not involve a large investment, only contract between government officials and coordination of activities. If acted upon, the attraction of the Galilee could again become something that many could enjoy: for example, the lowering of the prices for telephone conversations, a reexamination of the possibility of subsidizing heating, and the establishment of a university branch in the Galilee.

enjoy: for example, the lowering of the prices for telephone conversations, a reexamination of the possibility of subsidizing heating, and the establishment of a university branch in the Galilee.

This week administrators for the Galilee were called to the Knesset Economic Committee. Ministers and senior officials were present and "sympathy for the Galilee was sincere and overflowing." "Unfortunately, with sympathy, you cannot populate the Galilee," says Menakhem Ari'av.

9944

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STATISTICS SHOW SUBSTANTIAL DECLINE IN EMIGRATION

Tel Aviv HA'ARETZ in Hebrew 17 Feb 84 p 3

[Article by Gid'on Allon: "Official Data: Only 2,600 Emigrated from Israel in 1983"]

[Text] A substantial decrease in emigration from Israel took place last year. Data from the Central Bureau of Statistics shows that only 2,600 people left Israel in 1983. This data is based on the difference between the numbers of those who exist and those who come to the country. According to this data last year 771,600 people exited the country and 769,000 returned as of the end of the year.

Government officials expressed satisfaction over this data, especially in light of the fact that in 1980 the number of emigrants was 30,700 and in 1981 16,800, and in 1982, 8,600 persons. Deputy Minister Dov Shilansky, who represents the government in preventing emigration, said that despite the encouraging data, "We should not let this data keep us off guard" and we should increase the activity to prevent emigration.

Central Bureau of Statistics data has made it apparent that in 1983 the number of emigrants who returned to Israel after a stay of more than 2 years overseas also increased and their rate increased 15,300 persons compared to 11,350 people in 1982 (an increase of 35 percent). The number of Israelis who returned to Israel after a stay of 1 year overseas also increased at a substantial rate last year.

Government sources emphasized along with it that signs of recession in the economy and the fear that it will bring a large wave of emigration has not been evident yet in data for 1983, since the worsening in the economy began in October. Therefore, only in the summer months could it be seen whether the fear of a meaningful increase in the scope of emigration was real or mistaken. The same sources emphasized that it is probable that some of the emigrants who returned to Israel only came for a family visit and not for the purpose of resettlement.

9944

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## BANKS REQUEST 100 MILLION IN LOSSES BE ERASED

Tel Aviv DAVAR in Hebrew 6 Feb 84 p 11

[Article by Dror Sharvit: "The Banks Have Had No Response Yet to their Request that 100 Million in Losses Be Erased"]

[Text] The request by the banks that their 1983 losses be reduced by about \$100 million has not yet received a favorable response from the Finance Ministry or from the Bank of Israel. The finance minister continues to tie any assistance in reducing the bank's 1983 losses to a 10 percent reduction in the salaries of bank employees.

This request by the banks was presented to the finance minister and to the director of the Bank of Israel in a detailed memorandum. The request includes an itemization of losses related to penalties for liquidity and other conditions. The banks argue that these losses are not their fault. They resulted either from a strict monetary policy which was impossible to implement or from a tax collection policy which did not take into consideration the fact that the banks will pay almost no taxes for 1983.

It should be noted that surplus tax payments affect the banks in two ways--once through the loss of interest and once through the reduction in their liquid assets which strips them of substantial liquidity penalties.

Meanwhile, it seems that not all the banks intend to take advantage of the opportunity to limit their substantial liquidity penalties owed at the end of December. Estimates place those fines at between 800 million and a billion shekels.

The Bank of Israel has tried a clever method to force the banks to increase their accumulation of funds without expanding credit. The bank extended the period for calculating surplus liquidity from December 1983 to a few additional weeks in 1984. The banks had the opportunity to reduce their substantial liquidity penalties incurred in December by means of a substantial increase in liquidity at the beginning of 1984 and then averaging the liquidity through the entire period.



In one of the big banks, however, the increase in liquidity at the beginning of 1984 achieved by pulling in more deposits and freezing new credit for customers actually brought about a transfer of profits from 1984 to 1983. Management at one bank noted that since they had already made peace with the bad practical consequences of 1983, there was no reason to spoil the 1984 results as well.

It is worth noting that the banks recently chose to pay off a loan of about 15 billion shekels rather than accumulate more liquidity since the interest on the loan went as high as 14 percent per month, 2 percent or more beyond the cost for banks of mobilizing funds by means of cash deposits.

In another area, bank administrators reported that as yet no positive agreement had been reached concerning their request to be allowed to collect book-keeping fees for current accounts. The balance in these accounts amounts to about \$1 billion. The bank wanted to charge customers \$5 each quarter for administrative costs, but the Bank of Israel did not allow it.

9348

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WATER AUTHORITY, MEKOROT TRY TO RESOLVE DISPUTE

Tel Aviv DAVAR in Hebrew 8 Feb 84 p 6

[Article by Natan Ro'e: "Representatives of the Water Authority and "Mekorot" Are Working on Reconciling Their Difference"]

[Text] In a secret meeting which took place on Sunday at the Diplomat Hotel in Tel Aviv, Water Commissioner Tzemah Yishai and the director-general of "Mekorot," Zev Ashkenazi, agreed on a new approach to the "Mekorot" company which would reduce the tension between the company and the Water Authority because of the Water Authority's attempt to turn over 15 percent of the waterworks of "Mekorot" to private hands by means of bids.

The director-general of "Mekorot" said in a meeting that the conflicts could be worked out through negotiations and by helping the company through this difficult period in the market. Water Commissioner Tzemah Yishay said what has been written about him in the newspapers is not true. As far as the regional waterworks are concerned, his opinion is the same as that of "Mekorot's" administration, namely, that 50 percent of the waterworks in the regional sites will go to "Mekorot."

The director-general of "Mekorot" assured the water commissioner that this was, in fact, the case and told him that the Water Authority would be able to carry out the transfer and that discussions would continue until an agreement could be reached between "Mekorot" and the water commissioner.

It was agreed by both parties that, should further disagreements arise which could not be resolved, Agriculture Minister, Pesah Gruper, who is due to return to Israel soon, would make the decision.

"Mekorot" Wants To Exchange Its Representatives in the Histadrut

Meanwhile, the secretariat of "Mekorot" workers met with Eliyahu Reif, the Histadrut secretary holding the water portfolio, and he received "Mekorot's" request. They believe that the water administration in Israel must be safeguarded and not be fragmented and that "Mekorot" must not be hurt.

The secretariat of "Mekorot's" workers sent a letter on Monday to the secretary general of the Histadrut, Yeroham Mashal, in which they requested that the representatives for the consumers and farmers who also represent "Mekorot" in the Histadrut be replaced by representatives of the professional union. Thus, argue members of "Mekorot," the status of the waterworks in Israel will be protected.

9348

CSO: 4423/37

SYRIAN POW'S HELD BY ISRAEL DEPICTED

Tel Aviv BAMAHAHE in Hebrew No 26, 22 Feb 84 pp 19-21

[Article by Ya'ir Ben-David: "Between Despair and Hope"]

[Text] A few days ago each of the 291 Syrian POWs who were captured by Israel during the Peace for Galilee war received a package sent by the Syrian General Staff through the Red Cross. Along with baklava and various sweets, underwear and reading material, each package also contained a pair of shoes and a new winter uniform. The receipt of the packages brought a spirit of hope and happiness among the POWs. Within minutes spirits magically rose in the courtyard of the POW camp.

Colonel Banimah, the POW leader, announced, "This is it; we are soon going to be released," with a confident tone to the camp's commanders and explained, "Winter uniforms are worn in the Syrian Army only until the first of April. If they sent us winter uniforms it is a sign that we will be released before then--otherwise they would have sent summer uniforms".

The POWs even determined--according to a system of calculation which they keep to themselves--the designated date on which they will be released. But this optimism, as it turned out, did not last long. Last week, when we visited the POW camp of the military police in the north of the country it was not difficult to notice an atmosphere of despair and depression among the 291 Syrian officers and soldiers who have been in Israeli captivity for 20 months.

Lieutenant Colonel Mordekhay, the POW camp commander, is already accustomed to the sharp mood changes of the POWs during recent weeks. "It is necessary to understand that they are now in the most difficult stage of their captivity--a stage to which we refer as--'the stage of despair'". He explains, "It is customary to divide the period of captivity into 3 periods: The first period is referred to as the "shock stage" and it lasts for about 4 months from the beginning of captivity. During this period, the POWs are quiet, they don't cause any problems and one can refer to them as material in the hands of the creator. The second period is referred to as the "taming stage" and its lasts up to a year from the day of captivity. During this period the POWs learn to know the staff, the arrangements and life style in the camp. The third period--"the despair stage"--lasts from the end of the first year of captivity and onward. This is a period of tension and tense expectations on the one

hand, and of despair and depression, on the other hand. These days every crumb of information and scant sign that reaches the POWs serves as a topic of conversation and speculation about a possible date for their release."

"All the POWs that are here have a fanatic belief in their leaders. They believed and also now believe that it is Israel that prevents the prisoners discharge," adds Lieutenant Colonel Karo. "In conversations I had with them, they told me not once: It's not logical that a country will be willing to return 300 people in exchange for 3."

A few months ago when the Ansar detainees were released, there was a feeling among the POWs that the date of their release was also imminent, and they sat on their suitcases. "I met then for a conversation with a group of Syrian officers and explained to them that the agreement which was reached regarding the release of the Ansar detainees did not apply to them, not because of Israel's refusal, but because of Syria's refusal," the camp's commander relates. "I asked them if we agreed to release over 6,000 people in exchange for our 3 soldiers--why would we not agree to release 300 in exchange for 3? And they answered: Yes, right, we believe you. Now a change of heart has taken place. They are sure and convinced that Syria wants their return but that it is Israel which prevents the exchange."

So, between hope and despair, the POWs continue with their daily routine, a routine which has continued for 600 straight days: A few months ago they were moved from the temporary POW camp where they had been kept since the initial days of captivity to the present camp, which is more comfortable and better suited for a long stay.

"The treatment and behavior toward the POWs is in accordance with the Geneva Convention," emphasizes the camp commander. "We give them the opportunity to manage their lives by themselves and to keep internal autonomy with minimum intervention from us. The POWs live in cells which contain all the equipment required for their needs--clothes, beds, mattresses and blankets. Because of their long stay in captivity, they gained some benefits, such as a kettle to prepare coffee or tea for themselves, social games, especially backgammon and various sports activities. The cells which we visited seemed clean and orderly. Above the beds there are photos hanging which they received from family members, landscape pictures, and even BAMAHANE posters and next to the beds are piles of cartons and packages which were sent from Syria. The food which they receive is based on the food IDF soldiers receive in prison facilities; in addition, items suited especially for them such as ful beans, tahine and different spices. The food is cooked in the central kitchen of the prison and is later distributed to the cells.

Twenty-three of the POW officers (among them two colonels and one lieutenant colonel) reside in a separate wing. The camp command even put at their disposal their own club with a ping pong table for the purpose of meetings and consultations that they hold. Among the officers up to the rank of captain, there is a daily duty where one of them is appointed as duty officer. This officer is responsible during the time he is on duty for order and discipline among the POWs and is the contact between them and the camp command on any problem which may arise.

The POW daily routine begins in the morning with the first head count. The count is conducted according to all rules of military ceremony; unit after unit goes out to the yard, with everyone in full military uniform. The unit's sergeant, according to full ceremonial rules, offers the formations salute to the military police officer, who checks the formation and calls the names of the POWs. At the same time an officer and two of our soldiers enter the cells to make a security check. At the finish of the count, the POWs eat breakfast in their cells. This is also the time when they hear music and news from the Voice of Israel in Arabic.

Later they go out unattended to the camp's yard and stay there until noon. At that time, a second count takes place, exactly the same as the morning count. Then a lunch recess is declared, during which they eat lunch in their cells and again listen to music and news. After the rest, the POWs go out again to the yard until dinner. In the evening the last count takes place and afterwards they return to their cells, listen to the evening news on the radio and remain there until the morning.

Contact between the POW's and their families in Syria is maintained through letters and packages which the Red Cross organization transfers. The visit of the organization representatives occurs once every 3 weeks. "On time like a Swiss watch," according to the camp's commander; "We enable them to visit all the installations and the cells and to speak to the POW's--together or alone--without the presence of our people," says Lieutenant Colonel Mordekhay.

The POW's receive medical treatment in the camp clinic. And they also receive dental treatment in the modern dental clinic which we have here. Judging by what those who are in charge tell us, there is no shortage of dental problems. The wounded among the POWs are treated by the best specialists in the country. Not long ago, a few of them returned from a series of second operations by Professor Stein at Rambam Hospital in Haifa.

Despite the long period of captivity, a noticeable distance is still kept between the Syrian officers and their soldiers. "This is not the relationship we know between commanders and their soldiers in the IDF". Captain Kheliq, deputy camp commander, states, "The gap between the officers and their soldiers is apparent in their daily life and they do not try to hide it in conversations which they have with us. Nonetheless, the phenomenon of distance which is very acceptable in the Syrian Army does not exist here because of the camp authority's strict efforts to prevent it already in the first days. Thus, for example, one of the Syrian colonels was captured with one of his personal servants, I who in ordinary days used to cook his meals, wash his clothes, and shine his shoes. But the two were separated from one another and today each serves only himself.

The group of officers, which consists of 23 persons from second lieutenant to colonel, is not a cohesive group according to the testimony of the military police personnel. The eight pilots in this group, considered to be the intelligent elite among the POW's--constituted during the first months of captivity a cohesive group and kept a distance from the rest. But, today, this group also has split up. By the way, among the officers there are two

who claim that during their captivity their rank was raised. One of them, a colonel, claims that he was given the rank of brigadier general, and the other a lieutenant colonel, claims that he was given the rank of colonel. In the meantime, in the absence of a formal report about it to the camp command, the two have to be satisfied with their "old" ranks.

The differences between the Syrian officers are primarily apparent during the time they serve as duty officer. The staff people tell about a POW with the rank of lieutenant who served in the special commando unit of Rif'at al'Asad, the brother of the Syrian leader. "When he is on duty, one feels iron discipline among the soldiers. He is considered by them to be real authority, despite his relatively low rank. Compared to him, there are officers who are more senior in rank that their people hardly listen to," they relate.

As a rule, the camp commanders describe the POW behavior as quiet and calm, although the staff is ready for any contingency. Besides the shifts in mood, shifts mainly influenced by bits of information reaching the POW's regarding chances for their release, there have been almost no unusual phenomena. One phenomenon nevertheless should be noted: A few weeks ago when rumors circulated about the critical illness of Hafiz al-Asad and afterwards about his death, the POW's learned about it through listening to the Voice of Israel news in Arabic. They were in deep mourning and for several days they walked, depressed and perplexed. When the rumors were denied, and after a while it became apparent that the Syrian ruler was alive and well, a great spontaneous joy broke out in the cells. The POW's went out to the yard, sang and danced the dabkah for hours, while the camp staff watched them.

During the lunch recess we meet POW's in the camp's yard. They are dressed in spotted uniforms and blue windbreakers and gather in groups in the yard among themselves. One cannot but notice the hate and angry looks that are directed to us from everywhere. Most of them refuse to answer our questions and avoid the camera's lenses. It seems that a hand from above commanded them not to talk to me--an assumption which later evidently was correct.

The camp commander is not surprised by this behavior. Thus, for example, Colonel Banimah, the POW leader, refused to allow the Israeli camera crew to photograph him and his friends in the camp, maybe out of fear that the good conditions and the fair treatment of the Israeli authorities would be publicly disclosed.

But, although not in front of the cameras and the open eyes of the journalists, good relations, even friendly relations, exist between the POW's and the staff, especially among the officers on both sides. In Captain Shalom's office, the commander of the POW company who has been with them since their first days in captivity, the Syrian officers more than once have hosted him with a cup of coffee. Captain Shalom remembers well the flavor each one of them likes in his coffee, cinnamon, pot herbs, or cardamom--since he himself prepares the coffee for them.

Despite it all, the staff people do not delude themselves. "Indeed, in personal conversations with me, the POW's thank me for the treatment which they receive here," states Lieutenant Colonel Mordekhay, the camp commander, "but I do not doubt that when they are released and return to Syria, they will defame us and will relate horrid tales on what they went through here. Along with it, I am convinced and believe that at least to their close relatives, they will tell the truth, and this is also they will tell the truth, and this is also something."

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## BRIEFS

MYSTIC CULTS--The interministerial committee headed by Deputy Minister of Education, Miryam Geizer-Tessa, is currently grappling with the question of defining mystic cults, determining how many of them exist in Israel, and deciding on their legal status. Dr. David Green, a clinical psychologist, spoke about this at a seminar for concerned citizenry sponsored by WIZO in Tel Aviv. Dr Green focused mainly on the problems involved in young people joining these mystic cults. He emphasized that in Israel we have little experience with this phenomenon and lack precise statistical data on its prevalence. He also said that these cults are a relatively new phenomenon in the Western world. He feels that "for some of those joining, these cults constitute a psychological and social danger. In Israel, however, we do not have sufficient data concerning how widespread the phenomenon is." Green said that most of our information about these missionary cults comes from the U.S. It is amazing how much of an impact this phenomenon has had and how much media attention it has received. In presenting the broad outlines of this phenomenon of mystic cults, Dr Green said that after World War II, these movements developed because many people were depressed that no new world had emerged. Against the background of the Cold War, the Korean War and the War in Vietnam, these movements gained a lot of momentum. [Text] [Tel Aviv YEDI'OT AHARONOT in Hebrew 6 Feb 84 (Supplement--"24 Hours") p 12] 9348

ARIDOR BANK MIZRAHI CONSULTANT--Tel Aviv--Former finance minister Yoram Aridor will join the Mizrahi Bank group "in the very near future" as a financial consultant, a spokesman for the bank confirmed yesterday. Aridor will help in mobilizing funds for a new firm, Mizrahi International Holding Developing Corporation, which Mizrahi is forming. Aluf (res.) Yosef Geva, former head of the Supersol chain, will head the firm. At first the new company will be headquartered in Tel Aviv, but after it begins its formal activities it will shift its headquarters to a foreign country, probably Holland. The corporation hopes to interest foreign businessmen "from any part of the world" to invest in Israel, particularly in high technology industries. In the first stages it hopes to raise \$25 million, and in a second stage, another \$25m. [Text] [Jerusalem THE JERUSALEM POST in English 16 Feb 84 p 2]

## OIL EXPLORATION IN RUB AL-KHALI DESERT SUCCESSFUL

Dubayy KHALEEJ TIMES in English 21 Feb 84 p 12

[Text]

**From Our Correspondent**

MUSCAT — All the exploration wells sunk by Elf Aquitaine Oman on the Butabul permit in the heart of the Rub Al Khali desert, have struck oil but so far the reservoir conditions permitted economic development for the Sahman field alone.

Elf Oman, a wholly owned subsidiary of Societe Nationale Elf Aquitaine of France, has been operating in Oman since 1973. Apart from Butabul, it has two more permits, in Saiwan and Musandam.

According to the Central Bank of Oman publication Al Markazi, until the end of 1983, Elf Aquitaine Oman had operated nearly \$200 million worth of exploration works.

On the Saiwan permit, the first phase of drilling operations is still in progress. On the Musandam permit, two fields of gas with condensates have been discovered. One straddles the borderline with Iran, while the possibility of economically developing the other, at Bukha, is being worked out.

It was with the off-shore Musandam permit that Elf commenced its activities in Oman in 1973, but two

years later a second agreement was signed with the Omani government for exploration of the Butabul permit. The first well at Butabul struck oil in October 1978 and two years hence the Sahmah field was on stream in November 1980.

In 1981, a third permit was granted to Elf, on-shore in the Saiwan area just opposite the Masirah island, where the first drilling campaign commenced in July 1983.

On each of the three permits, Elf acts as 'operator' on behalf of a group of companies, within the framework of a petroleum agreement of a production sharing type. Under these contracts, the Sultanate makes the oil companies responsible for financing and performing all exploration, development and hydrocarbon production. In exchange of these services, the government grants the companies the right to a share in hydrocarbons, if any produced.

Elf conducts its operations on each permit under the supervision and control of a management committee which consists of representatives of the government, one of them being the chairman, and of the companies involved.

Two more production wells were drilled in Sahmah in 1982 and addi-

tional facilities installed. As a consequence, the production rose to a record 4.5 million barrels in 1983.

However, as was expected, water broke through two wells during the summer, making it necessary to put into service the gas-lift facilities. The production this year is expected to be in a low key, despite the drilling of new wells. The ultimate recoverable reserves are likely to be between 25 and 30 million barrels—and the production is expected to remain economical for ten years from now on.

After an initial period of exploration (1973-78), followed by a period of development (1979-82), Elf would concentrate its efforts again on exploration with a view to compensating for the decreasing Sahmah reserves.

More than \$90 million have been spent for this purpose during the last two years and the company would bid for new permits as soon as interesting acreages are proposed by the ministry of petroleum and minerals.

At the end of 1983, the Elf staff comprised 96, nearly 30 per cent of them Omanis. Training efforts are being made in concerted fashion, and during the last three years Omani students have been granted long-term scholarships for courses in French universities.

## EXPLOITATION OF SOLAR ENERGY DESCRIBED

Dubayy KHALEEL TIMES in English 16 Feb 84 p 4

[Article by P.S. Ramanathan]

[Text] IN a region like ours where the sun reigns supreme for most part of the year, it is natural that the Gulf states should be doing more and more to harness solar energy for power generation and telecommunication networks.

Oman has the highest per-capita investment in the Gulf region in solar energy projects, and the country's prime exploration combine, Petroleum Development Oman (PDO), has repeaters functioning at many far-flung spots. It would be fruitful to draw from the PDO experience, which has been recorded in its periodical 'PDO News.'

When the sun rises every morning, solar panels at 20 sites throughout the Sultanate lie ready to pull in their fill of energy. The panels absorb not only power to run the microwave radio during the day but also enough energy to recharge the batteries which keep the repeaters going through the night.

PDO makes use of photo-voltaic solar panels that produce electricity directly from sunlight. These 'telecom' solar panels are far different from the type of solar panels which PDO uses to get hot water.

Photovoltaic cells are made of very thin slices of silicon, and like enormous transistors, they convert nearly 15 per cent of the sunlight that falls on them into electricity. They are very efficient, and the energy they use up is free.

Where can solar power be of optimum utility? It is an economic solution for generating highly reliable power at remote places, such as mountain-top microwave

repeaters. In normal situations, other sources of power generation can be cheaper, but where relatively smaller amounts of power would suffice—as in telecommunications equipment which would need power equivalent to a light-bulb—solar energy has decisive advantages.

Apart from the fact that thermo-electric and diesel generators are difficult and expensive to maintain, they have to be kept supplied with fuel, which constitutes a problematic exercise in remote areas.

While it can be said that solar power is reliable—because the supply of energy comes with sunrise every day—a few technical problems can crop up in the initial stages. PDO had to overcome such teething troubles in 1980, but since then there have been no failures at any of the 20 solar power locations—quite an achievement, since the equipment sits out in all weather conditions, from extreme summer heat, when the panels get so hot that they can burn unprotected hands, to the cold of a desert night.

Telecom staff inspects each site once a month to check that all is in order, and to brush off the dust, dirt and bird-droppings which accumulate on the panels. Irregular brushing can result in severe reduction in daily output.

Technicians also read the meters which tell them how much electricity has been generated and how much used up by the radio. These readings are logged from all the sites, and fed into a computer which has in store all the previous readings. It is possible not only to calculate how the solar panels have performed during a particular

month but also to compare the result with the performance of the previous year, or even with the average of all sites for all the years of operation.

It may sound logical that solar panels should provide maximum output during high summer, but the truth is different. In fact, the output is lowest in summer. This is because the thick haze often obscures the sun; high temperatures tend to lessen the panels' output; and, when the sun is directly overhead, the panels catch a lesser amount of sunlight, because they slope slightly towards the south.

How long can the batteries work in the absence of sunlight? At PDO, the batteries at each site are big enough to run the station for nearly 10 days without any sun at all—quite a safe margin for bad weather. On dull days, the panels will produce at least some electricity, depending on occasional bright spells.

So far, the results have been highly satisfactory, and solar power has proved its reliability in no uncertain terms in Oman. On the link between the coast and Marmul—a distance of more than 1000 km—there has seldom been a communication failure.

The PDO telecommunications system stretches nearly the entire length of the Sultanate, from Jazal in the far south to Lekhwair in the north-west.

Last year, a new nerve centre for the network was opened at Mina Al Fahal, the PDO headquarters in the Capital area. The /2.35-billion telecom centre holds an 8,000-line telephone exchange and multiplex equipment which collects and distributes telephone calls around the network.

## RADIO MONITORING STATION TO BEGIN OPERATION

Dubayy KHALEEJ TIMES in English 13 Feb 84 p 4

[Article by P.S. Ramanathan]

[Text]

MUSCAT — A frequency monitoring station, being set up by Oman's Post Telegraphs and Telephones Ministry at Azaiba in the Capital area, is scheduled to start work in April.

The installation, together with a mobile monitoring and DF (direction finding) van, is estimated to cost around RO 500,000.

According to a senior adviser from the United Nations, Mr Vaman M. Gogte, who left Oman after a two-year assignment as International Telecommunication Union's (ITU) Radio Frequency Management expert, the advent of such monitoring stations would mark a great step forward for Oman in the high-technology arena.

A second station is to be put up in the southern Dhofar region, near Salalah, while more can be established in due course at various interior spots

of the far-flung Sultanate, Mr Gogte told Khaleej Times.

"Oman has made a very good beginning, and the progress in a short span of time (since 1975) has been significant in different fields of telecommunications," Mr Gogte said.

"The digital telephone switching system, being introduced in this country by the PT & T ministry through Siemens personnel, is a totally new concept... I would say, in this respect, Oman has all but stolen a march on the European countries."

The UN expert, who advised the authorities here on radio frequency management, telecom regulations, automation of frequency management systems, and varying licensing procedures, attributed the Sultanate's progress to "purposeful management, cutting down wasteful expenditure to the utmost... there is no tendency to raise high-cost monuments here—a policy symbolic of progressive development."

The coordination between various

ministries and departments also came in for commendation from the UN expert. The VHF frequency planning and management, now being pursued by the Ministry of Agriculture and Fisheries in coordination with PT & T for setting up farm collection centres, was cited as an outstanding instance by him in this context.

A farewell party was arranged on Saturday by the Director-General of PT & T, Sayyid Ghalib bin Khalid Al Said at Al Falaj Hotel. Mementos were presented to Mr Gogte in front of a good audience which included Nashia Al Kharusi, Adviser on Telecom Matters to the PT & T Minister and senior officials.

Mr Gogte, a great literary enthusiast from the Deccan Plateau City of Poona, was highly respected by the 1000-odd Maharashtrian community in Muscat. During his stay he took active part in the affairs of '3M'—Muscat Marathi Mitra — Mandal and directed its literary wing in impeccable fashion.

CSO: 4400/176

MILITARY ECONOMIC ORGANIZATION DIRECTOR DISCUSSES AGRICULTURE

Sanaa AL-THAWRAH in Arabic 8 Feb 84 pp 3, 6

[Interview With 'Ali Yahya al-'Adi, general director of Military Economic Organization, by Sayf Mukrid; "If Official Authorities Agree To Give Us Land, We Will Develop Farms"; date and place not specified]

[Text] The first thing that attracts the attention of whoever passes through Bab al-Yaman [Yemen Gate] in the capital, Sanaa, is this great edifice which is one of the accomplishments of the immortal September revolution and which is growing bigger day after day.

This accomplishment came into existence in the early 1970's and has grown and diversified to reach all of the republic's governorates after managing to stand fast and continue to perform its role amidst all these circumstances. Despite all the obstacles, this edifice's role has been able to figure prominently and comfortably with its magnificent services which it offers the people with limited income. At the same time, this edifice is struggling to acquire the resources and the capabilities that enable it to cover and meet all the essential needs at prices affordable to all. Whoever sees the droves of citizens coming in succession and without interruption, especially these days, to get various kinds of goods which they need, beginning with food and clothing and ending with the citizen's other living needs, must know the real role of this national economic edifice--the Military Economic Organization. All the abovementioned has nothing new to merit a long pause because all we have mentioned is clear and obvious. What is new here is a daring endeavor carried out by the Organization in a sphere capable of producing success and of contributing directly to the development process, namely, the vital agricultural sphere.

This step comes as a national response and as a positive reaction to our political leadership's declaration of 1984 as the year of agricultural development. Because we have found that shedding light on this aspect constitutes a positive contribution, we headed to this organization to familiarize ourselves with the various aspects of this step.

## Fruit-Tree Seedlings and Decorative-Tree Seedlings

At the outset of our interview with brother 'Ali Yahya al-'Adi, the organization's general director, we discussed the step taken by the Military Economic Organization at the beginning of this season and the organization's announcement via the information media that it will, as a first step, import fruit-tree seedlings and sell them to farmers at cost price. This idea had been under consideration by the organization since it took over the Bajil Preserved Foods Plant, which was no more than a tomato-canning line at the time.

Brother al-'Adi further said in the interview" At that time, no thought was given to greater ambitions, considering that the organization was at the beginning of the path and that a project like this project requires a step-by-step approach. This is why the organization introduced in addition to the tomato-canning line, a line for the canning of legumes. This line will be put into operation at the beginning of May 1984. Considering that this industry is tied fundamentally to agriculture, it cannot survive or develop unless this aspect is completed. Thus, we started importing seed and selling it to the farmers. We experienced big demand and the step enhanced the farmers' hopes and aspirations and stirred among them eagerness to cultivate their lands. This provided us with greater motivation. Beginning with the start of this season and from now onward, we will supply this commodity, meaning seedlings, to the farmers. On the other hand, we will respond to the political leadership's call for the importation of 50,000 seedlings of apple, orange and mango trees. The organization has concluded a contract with a U.S. firm to import 30,000 seedlings as a preliminary test, as it has concluded with a U.S. firm to import 30,000 seedlings as a preliminary test, as it has concluded a contract with an Italian firm for the importation of 30,000 more seedlings. This season, a contract was concluded with Sudanese firms to supply 50,000 seedlings of mango. This tree is beneficial and profitable to the farmers and suitable for our country's soil.

As for decorative trees, we have imported a new variety previously unknown to our country. This tree is from Mexico originally and experience has proven that it has flourished in some Arab countries with a climate similar to ours. The distinguishing characteristic of this tree is that it remains green throughout the year and we hope that it will act as a windbreaker in some parts of the Tihamah.

The brother general director of the Military Economic Organization went on to add:

We have concluded a contract with the Chinese Seedling Export Organization and it will supply us with 10,000 trees of different varieties of citrus fruits and apples. We have great hopes to be able to supply the farmers with their need of seedlings suitable for our country.

Total of 200,000 Banana Seedlings

[Question] Why do you not import from other Arab countries, keeping in mind that the Arab Maghreb countries are famous for citrus fruits?

[Answer] We are now studying the importation of 200,000 banana seedlings from the Kasala area in fraternal Sudan to cultivate them in an area within al-'Aqil Farm this year. This is what we have done and we hope to do more next season. This is in addition to our tasks as a commercial organization assisting the farmers in the various spheres, including fertilizers, seed, chemical pesticides to protect the crops and other agricultural requirements.

#### Entering Into Broader Sphere

Regarding the fundamental motives for the importation of seedlings, al-'Adi paused a little and then said:

What motivated us to import these seedlings is the excessive prices we have seen the merchants specializing in this kind of trade charging for their goods. I can say frankly that their excess has reached the point of greed. Let me cite an example:

For a kilogram of tomato seeds which the Organization supplies to the farmer at a cost of 100 riyals, the merchants have charged the farmers 400 riyals, even 500 riyals. This is totally unacceptable. It is illicit to make five-fold the acceptable profit. This is what will force us to enter into a broader sphere. We will also import sprinkler pipe, which provides for a different way of irrigation.

#### Tomorrow They Will Say We Are Competing With Them

We will also contract [foreign] firms to import pumps and tractors. We are aware that the merchants will say tomorrow we are competing with them in their field and that we have swerved from our specialization. What else can we do when they go to excess with their prices that have caused the consumer a lot of regrettable hardship. When the costs and burdens of agriculture rise and multiply with absolutely no justification, the impact is negative to the future of our country's agriculture.

Therefore, the organization will, thanks to the instructions of Col 'Ali 'Abdallah Salih, the president of the republic, the general commander and the general secretary of the People's Congress, exert efforts for the good and future of our country and for the prosperity of the citizen.

#### Texting Phase

[Question] This being the case, will you exert efforts to expedite meeting the farmers' requests?

[Answer] These quantities, though in the thousands, do not represent, in my estimate, much in comparison with the farmers' demand. The demand amounts to millions [of seedlings]. Consequently, you may ask why we are stopping at 30,000 seedlings. I will answer you by saying:

First, we test the seriousness of this or that firm and the kind of problems and difficulties that arise in our organization, considering that this experience is new to us.

It is natural for anyone engaged in tests to make mistakes. This is why we do not import our needs all at once. We have decided to have the imported quantities delivered by air so that they may arrive in controllable quantities. This is the second point.

As to how the seedling quantities and varieties are determined in advance with the farmers, al-'Adi has said:

Insofar as the importing and sale process is concerned, we conclude contracts with the farmers, make our inspection and collect a downpayment. We thus guarantee direct purchase, sale and distribution and avoid numerous problems.

Of course, when one embarks on a new experiment, he learns a lot of new things and gains greatly. Moreover, we have designated special cadres for this activity and for other related spheres in our organization. They can contact and get in touch with people and solve any problem encountered in this sphere or in any other sphere in which we have engaged.

[Question] Considering that seedlings are perishable, if you import quantities that are not sold in time, how will you dispose of them?

[Answer] (After thinking for a while, al-'Adi said:) Even though we have not so far sold to the merchants and even though our sales are confined to the farmers directly and to their representatives, there is no problem in this regard.

#### Representatives of Farmers

[Question] Whom do these representatives represent?

[Answer] There are some farmers whose circumstances usually do not permit them to travel to Sanaa, either because they are preoccupied or because the number of seedlings they need does not justify their coming individually. This is why every 10 farmers get together and select one to represent them and to come to the headquarters of the organization. This happens only in case no seedlings are available at the organization's branches in the governorate to which these farmers belong. In such a case, the task is performed by the representatives or by the agricultural associations.

#### We Are Engaged in Other Agricultural Activities

The brother general director of the organization added: The Organization is engaged in other agricultural activities, as in the case of Tihamah, in Anis, in Wadi Banna and in Dammat where we have branches and representatives. We control the sale process through these representatives. We will intensify our information activity in this regard so as to control prices. Even though by the time the production appeared in the markets the organization had incurred a loss of 10 riyals instead of making a profit, to us the loss was tantamount to a subsidy for this commodity. Add to this the fact that organization vehicles deliver at times the seedlings to farmers in remote areas for fear they may be damaged by negligence and may cause a setback to the



organization. The organization's objective has not been just selling these seedlings but also insuring the growth and fruition of these trees so that their yield may appear in our markets. What I mean is that we are not content to just sell a certain number of seedlings daily so that we may add up the number of seedlings sold by the end of the season and let the matter go at that. We will play a role in followup and in on-the-spot inspection of the farms to find out the rate of success and of failure in order to evaluate the outcome because the organizations' objective is not commercial. Its objective is to achieve a degree of success that establishes the mainstays and foundations of an agricultural economy that produces in the future the raw materials for agro-industry.

#### Seeds Also

Moving on to the issue of seeds, al-'Adi said:

Insofar as seeds are concerned, we have imported 5 varieties of the same seed to find out which of them produces the best yield for the farmer and which responds to the Yemeni soil most positively. Our cadres are conducting studies in this regard. Our interest in this aspect is connected with the frustration experienced by the farmer in a number of areas, especially insofar as cotton seeds are concerned. (Given what I had learned from our cadres, I went to Sudan to study the problem and find a solution for it.) Now we import good strains of seed instead of strains the farmers have. We are working to find solutions and to convey them to the farmers. We have actually solved some of the problems. The solutions include bringing in a committee of agricultural specialists to study the problems generally. The seeds are one of the initial solutions and we help the farmers with various solutions, not just with one solution.

#### Thoughts and Problems

[Question] Are you considering the utilization of abandoned lands as model farms?

[Answer] We have ideas in this regard. The problem is the official authorities. If they agree to hand over the lands to us so that we may utilize them in setting up model farms, then this would be very beneficial.

We also have a plan to curtail the squandering of livestock resources and of killing them in the cradle through the slaughtering of newborn calves. We will purchase the newborn calves to breed them and sell them as grown cattle. Laws are frequently issued to ban the slaughter of females and newborn animals. All these laws are not enough unless we intervene with practical solutions.

[Question] What, in your opinion, are the practical solutions?

[Answer] It is my assessment that we should help the farmer by purchasing the newborn animal so that we may fatten and raise it until it matures to be sold as a grown animal, be it a bull or a cow. But the problem is that our government redtape is protracted. We have vast areas of fallow state-owned lands which we want to utilize, so when will we get an answer?

Editor: This question is tantamount to the wish of not just the ordinary citizen, be he in a position of responsibility or not, but also of all the groups of our people who attach their hopes and aspirations to our political leadership, headed by brother Col 'Ali 'Abdallah Salih, the president of the republic, the armed forces general commander and the secretary general of the People's Congress. They hope that this leadership will take still greater steps to develop Yemen in the various spheres and to restore Yemen's bright face of green fields, revival and growth. We have big hopes in our year, the year of agricultural development.

8494

CSO: 4404/330

YEMEN ARAB REPUBLIC

BUDGET LAWS APPROVED

Sanaa AL-THAWRAH in Arabic 8 Feb 84 pp 1, 2

[Article: "President, Commander and General Secretary of People's Congress Approves General Budget with Four Laws"]

[Text] Brother Col 'Ali 'Abdallah Salih, the president of the republic, the general commander of the armed forces and the general secretary of the General People's Congress, issued yesterday 4 laws approving the state's general budget and the budget of the public and joint sectors and setting the budgets of the Ministry of Awqaf and Guidance and of the General Retirement Fund for fiscal 1984. Following are the texts of the laws:

Law No 1 of 1984 setting the YAR's general budget for fiscal 1984:

In the name of the people,

The president of the republic,

After perusing the permanent constitution

Constitutional declaration of 6 February 1978 establishing the People's constituent Assembly, amended by the constitutional declaration dated 14 April 1978,

Constitutional declaration of 22 April 1978 enacting the Constituent People's Assembly resolution defining the form, powers and duration of the presidency,

Constitutional declarations of 8 May 1979 amending a number of the above constitutional declarations concerning the People's Assembly, increasing the number of its members and expanding its powers,

Republican decree No 31 of 1974 establishing and organizing the Ministry of Finance and defining its powers and the amendment of this decree,

And after perusing law No 6 of 1980 setting the beginning and end of the state's fiscal year,

And with the approval of the Council of Ministers,

The People's Constituent Assembly approved the following law and we have ratified and promulgated it:

Article 1. The revenues of the state's general budget for fiscal 1984 are estimated at 5,455,738,000 riyals, according to chart A attached to this law.

Article 2. The allocations for expenditures in the state's general budget for fiscal 1984 shall be set at 8,123,838,307 riyals, according to chart B attached to this law.

Article 3. The net deficit in the state's general budget for fiscal 1984 shall be set at 2,668,100,307 riyals.

Article 4. The rules for implementing the state's general budget for fiscal 1984 and the entries included in the budget book shall be a complementary part of this law. All of the units of the state's administrative apparatus shall abide by implementing these rules. All previous provisions, rules and laws conflicting with the provisions of this law shall be abolished.

Article 5. The minister of finance shall issue the necessary instructions regulating the implementation of this law within the framework of its rules. These instructions shall be considered a complementing part of the determining law.

Article 6. This law shall go into effect as of 1 January 1984 and shall be published in the Official Gazette.

Issued at the Republican Palace in Sanaa on 7 February 1984.

Col 'Ali 'Abdallah Salih, the president of the republic, the general commander of the armed forces and the general secretary of the General People's Congress.

Law No 2 Setting Budgets of Public and Joint Sectors for Fiscal 1984:

In the name of the people,

The president of the republic,

After perusing the permanent constitution,

Constitutional declaration of 6 February 1978 forming the People's Constituent Assembly and amended by constitutional declaration issued on 17 April 1978,

Constitutional declaration of 22 April 1978 enacting the People's Constituent Assembly resolution defining the form, powers and duration of the presidency,

Constitutional declaration of 8 May 1979 amending the provisions of the above constitutional declarations concerning the People's Assembly, increasing the number of its members and expanding its powers,

Republican decree by law No 31 of 1974 establishing and organizing the Ministry of Finance and defining its powers, along with its amendments,

Law No 6 of 1980 setting the beginning and end of the state's fiscal year,

And with the approval of the Council of Ministers,

The People's Constituent Assembly has approved the following law and we have ratified and issued it:

Article 1. The total allocations for the budgets of the public and joint sectors for investments and revenues for fiscal 1984 are estimated at 10,870,935,000 riyals, according to the general framework of the budgets of the two sectors which is attached to this law.

B. The total allocations for the public sector budgets for both investment and revenues in fiscal 1984 amount to 8,740,834,000 riyals, according to the general framework of the public sector budgets and to charts No 4, No 6, No 8 and No 10.

C. The total allocations for the budgets of the joint sector for both investment and revenues for fiscal 1984 amount to 2,130,101,000 riyals, according to the general framework of the joint sector budgets and to charts No 5, No 7, No 9 and No 11 attached to this law.

Article 2. A. The total surplus from the current activity of the public and joint sectors for fiscal 1984 is estimated at 1,430,497,000 riyals. The government's share of this total surplus is estimated at 614,265,000 riyals.

B. The surplus of the current activity of the public sector for fiscal 1984 is estimated at 1,246,781,000 riyals.

The government's share of this surplus is estimated at 565,109,000 riyals.

C. The surplus of the joint sector's current activity for fiscal 1984 is estimated at 183,716,000 riyals.

The government's share of this surplus is estimated at 49,156,000 riyals, according to charts No 14 and No 15 attached to this law.

Article 3. Each of the public and joint sectors' units shall pay the government's share of the current activity surplus at the rate of 25 percent of the estimated surplus on the first day of the months of April, July and October and the 16th day of December 1984 or on the first official workday following the abovementioned dates if these dates coincide with official holidays and provided that the sums paid during the year are balanced against the outcome of the final account.

All payments shall be made on schedule to the Central Bank of Yemen--the government's general account.

Article 4. The deficit in the subsidized current activity of the public sector's service organizations in fiscal 1984 is estimated at 67,922,000 riyals, according to chart No 12 attached to this law.

Article 5. The contribution of the government's capital budget to the public and joint sectors in fiscal 1984 is estimated at 451,198,000 riyals, including 431,198,000 riyals for the public sector and 20 million riyals for the joint sector, according to charts No 12 and No 13 attached to this law.

Article 6. The Ministry of Finance shall pay the subsidized deficit and the capital contributions to the public and joint sectors' units in accordance with the actual needs of each unit, within the limits of the appropriations allocated for the unit and in accordance with the rules governing the implementation of the public and joint sectors' budgets.

Article 7. All the public and joint sectors' organizations shall abide by the appropriations set for them in fiscal 1984 in accordance with this law and with the attached charts. They all shall be prohibited from exceeding these appropriations under any circumstances, taking into consideration the provisions of article 20 of the attached regulations governing implementation of the public and joint sectors' budget.

Article 8. The regulation governing implementation of the public and joint sectors' budgets attached to this law and the general and special entries included in the budgets of the public and joint sectors shall be considered a complementary part of this law. The public and joint sectors' organizations shall abide by their implementation. All previous rules, regulations, laws and decrees conflicting with these regulations shall be abolished.

Article 9. This law shall go into effect as of 1 January 1984 and shall be published in the Official Gazette.

Issued at the Republican Palace in Sanaa on 7 February 1984.

Col 'Ali 'Abdallah Salih, the president of the republic, the general commander of the armed forces and the general secretary of the General People's Congress.

Law No 3 of the 1984 setting the budget of Ministries of Religious Trusts and Guidance for fiscal 1984:

In the name of the people,

The president of the republic,

After perusing the permanent constitution,

Constitutional declarations of 6 February 1978 forming the People's Constituent Assembly, amended by the constitutional declarations of 17 April 1978,

The declaration of 22 April 1978 enacting the People's Constituent Assembly resolution defining the form, powers and duration of the presidency,

Constitutional declaration of 8 May 1979 amending a number of the provisions of the above constitutional declarations concerning the People's Assembly, expanding its powers and increasing the number of its members,

Command Council decree by law No 63 of 1977 organizing the Ministry of Religious Trusts and Guidance and defining its powers,

Law No 6 of 1980 amending the beginning and end of the state's fiscal year,

And with the approval of the Council of Ministers,

The People's Constituent Assembly has approved the following law and we have ratified and promulgated it:

Article 1. The appropriations for the expenditures of the Ministry of Awqaf and Guidance for fiscal 1984 shall be set at 60,368,000 riyals.

The Ministry's revenues for fiscal 1984 are estimated at the same sum.

Article 2. The regulations governing implementation of the general budget of the state's administrative apparatus for fiscal 1984 shall apply to the budget of the Ministry of Awqaf and Guidance. The implementation of these regulations must be observed and all previous regulations, laws and decrees conflicting with these regulations shall be abolished.

Article 3. The minister of finance shall issue the necessary instructions regulating the implementation of this law within the framework of its provisions. These instructions shall be considered a part complementing the binding law.

Article 4. This law shall go into effect as of 1 January 1984 and shall be published in the Official Gazette.

Issued at the Republican Palace in Sanaa on 7 February 1984.

Col 'Ali 'Abdallah Salih, the president of the republic, the general commander of the armed forces and the general secretary of the People's Congress.

Law No 4 of 1984 binding the Pension Fund budget for fiscal 1984:

In the name of the people,

The president of the republic,

After perusing the permanent constitution,

The constitutional declaration of 6 February 1978 forming the People's Constituent Assembly, amended by the constitutional declaration issued on 17 April 1978,

The constitutional declaration of 22 April 1978 enacting the People's Constituent Assembly resolution defining the form, powers and duration of the presidency,

The constitutional declarations of 8 May 1978 amending a number of provisions of the above constitutional declarations concerning the People's Assembly, increasing its members and expanding its powers,

Law No 4 of 1981 establishing the Ministry of Civil Service and Administration Reform,

Law No 26 of 1982 establishing the Civil Pension Fund,

And Law No 6 of 1980 amending the beginning and end of the state's fiscal year,

And with the Approval of the Council of Ministers,

The People's Constituent Assembly approved the following law and we have ratified and promulgated it:

Article 1. The expenditure allocations for the Pension Fund for fiscal 1984 shall be set at 443,668,000 riyals.

The fund's revenues for fiscal 1984 are estimated to be the same as its expenditures.

Article 2. The regulations governing implementation of the general budget of the state's administrative apparatus for fiscal 1984 shall apply to the Pension Fund and must be observed.

Article 3. The chairman of the Fund's Board of Directors shall issue the necessary instructions regulating the implementation of this law within the bounds of the law's provisions. These instructions shall constitute a complementing part of the binding law.

Article 4. This law shall go into effect on 1 January 1984 and shall be published in the Official Gazette.

Issued at the Republican Palace in Sanaa on 7 February 1984.

Col 'Ali 'Abdallah Salih, the president of the republic, the general commander of the armed forces and the general secretary of the General People's Congress.

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CSO: 4404/330



## U.S. MAKES CONTINGENCY PLANS FOR EMERGENCY IN GULF

Paris AN-NAHAR ARAB REPORT & MEMO in English No 3, 16 Jan 84 pp 5, 6

[Text] Alarmed by Iranian military threats to the Gulf and their possible impact on Western interests, the Reagan administration is quickly moving away from its declared position of neutrality in the Gulf war, according to reports from Washington last week. And while the US is continuing to block sales of American military equipment to Iraq, State and Defence Department officials are reported to have told friendly Gulf countries that an Iranian victory would be against US interests.

There is growing concern in Washington about three possible Iranian threats, the reports said. These are mining the Straits of Hormuz, attacks on oil tankers and an outright Iranian victory on the battlefield. About 20 per cent of the non-communist world's oil supplies pass daily through the Straits of Hormuz and any shut-off would hurt Gulf Arab oil producers and Western consumers alike.

The US administration is aware of the extent to which Saudi Arabia and its allies in the Gulf Cooperation Council, which have given financial backing to Iraq, feel vulnerable to Iranian-inspired subversion or even direct military strikes against their costly oil and industrial installations.

In addition, Washington has its own bones to pick with Tehran, which it suspects of master-minding recent terrorist attacks against US targets in Lebanon and Kuwait. There have been unconfirmed reports that Iran is training terrorists for international operations. And the Americans are taking seriously the possibility of kamikaze attacks on US ships in the Gulf by Iranian pilots.

The Gulf war has dragged on for more than three years now, with neither side able to gain a clear military advantage although enormous human, military and financial resources have been committed to the struggle.

Iraq, with its smaller population, has suffered more economically, especially since it has seen its oil exports restricted to 700,000 b/d, a fifth of their pre-war level. Faced with clear indications that even oil-rich Saudi Arabia and Kuwait were approaching the limits of their capacity to prop up the Iraqi war effort, President Saddam Hussein decided to raise the stakes in an effort

to force his Arab allies and Western powers to do more to bring the war to an end.

Iraqi threats to hit Iranian oil facilities gained credibility in October with the delivery of French-made Super-Etendard aircraft and Exocet missiles. The prospect that they would be used to tip the balance in the Gulf war prompted Iran to threaten the complete closure of the Gulf to shipping if its oil shipments were disrupted.

Brinkmanship by the Iraqi leadership--coupled with the menace of Iranian terrorism--would seem to explain why the US is now ready to play a more active military and diplomatic role in efforts to contain Iran. For most of the war, Washington has excused its apparent lack of interest in the conflict on the grounds that it could exert little influence in either Baghdad or Tehran.

So what are the contingency plans now being prepared by US officials? On the diplomatic front, reports say that the US is asking Iran's trade partners, particularly Japan and New Zealand, to bring their leverage to bear in Tehran in favour of an end to the fighting.

A US mission to the Gulf last December assured friendly Arab countries that the US would keep the Straits of Hormuz open, though it stopped short of offering US military protection against Iranian attacks. When Presidential Envoy Donald Rumsfeld had talks with Mr Hussein in Baghdad on December 19-20, he indicated that the US would be ready to resume full diplomatic relations with Iraq. Iraq severed ties at the time of the 1967 Arab-Israeli war and Mr Rumsfeld was the highest-ranking US official to visit Iraq since then.

The US is considering tightening up regulations on trade to ensure that Iran does not receive American-made spare parts that could help its war effort. Military sales to either side are forbidden, but US trade with Iran has apparently been growing. According to the US Commerce Department, US exports to Iran reached \$161 million in the first 10 months of last year, compared to \$87 million in 1982. A much larger volume of trade is believed to be transacted through third parties.

On the military side, US officials have studied ways of responding jointly with France, Britain and pro-Western Arab countries to any attempt by Iran to restrict navigation in the Gulf. Plans include the use of mine sweepers and naval convoys for oil tankers, but one drawback is that the coordination needed for such operations is currently lacking.

Another problem is suspicion of US bellicosity on the part of the Europeans and the Gulf Arabs. The latter are particularly reluctant to be drawn into specific military plans with the US--though at the same time they are aware that the combined strength of the GCC states does not present a credible deterrent to Iran. In these circumstances, the Reagan administration's espousal of strategic cooperation with Israel adds nothing to their sense of security.

US officials are trying to allay the misgivings of their allies by emphasising that they want a negotiated end to the Gulf war. They also say the US has no intention of entering the war on Iraq's side and would consult its allies before embarking on any military action.

Perhaps the most important element in the US containment policy is aimed at boosting Iraqi oil exports. Iraqi export terminals on the Gulf were put out of action at the beginning of the war and the drastic fall in oil revenues, together with the cost of financing a war that was supposed to be over in three weeks, has reduced the Iraqi economy to a shadow of its former self.

Now US officials are reported to be urging US companies to help Iraq build new pipelines, including one that would link Iraq with a Saudi pipeline that runs across the Kingdom from the Gulf to the Red Sea. Iraq's only current outlet for its crude oil exports, a pipeline across Turkey to the Mediterranean, is being expanded and should be able to carry 1 million b/d by next April.

Washington is also said to be encouraging the Iraqis to begin trial shipments of oil in tankers that would be loaded from a floating terminal in the Gulf. This carries the obvious risk that Iran would attack the facilities, which might induce Iraqi retaliation against Iranian oil shipments. This in turn could lead to an Iranian blockade of the Gulf--back to square one.

However, US officials apparently believe that if its oil exports continue to be restricted Iraq is likely to lash out with its potent new weapons. They feel the only chance of averting a crisis is to test Iranian intentions by starting shipments of Iraqi oil from the Gulf. If they are allowed to proceed freely, the argument runs, Iraq could pull its economy into better shape and the prospects for a tacit cease-fire would improve. However, work on the floating terminal, for which the contract was awarded last November, will take a year to complete and new developments may well change the situation before the first tankers are ready to load up.

CSO: 4600/397

## IRAN

### U.S. ACCUSED BY IRAN AS SUPPLIER OF CHEMICAL WEAPONS TO IRAQ

Tehran ETTELA'AT in Persian 10 Mar 84 p 2

[Text] A spokesman for the war propaganda staff commented on the American State Department's position concerning Iraq's use of chemical weapons. He said: While the probability of America supplying chemical weapons to Iraq must not be overlooked, one must realize that America is attempting to enhance the possibility of Baghdad's acquiring a manufactured anti-American image, and ultimately, to impose an American peace on the Islamic Republic of Iran and save the rulers of Baghdad from inevitable downfall.

In an interview with the ISLAMIC REPUBLIC NEWS AGENCY, he said: America's rapidity of action on this was a complete surprise; the hasty reaction of Reagan's spokesman could be a sign that Washington is itself one of the suppliers of Iraq's chemical weapons.

The war propaganda staff spokesman commented on the reaction of 'Adnan Khayrallah, the Iraqi Minister of Defense, which came the day before yesterday immediately after America's position was given and which shows this hypocritical American face. He said: One may conclude from his remarks that America, which is probably itself one of the suppliers of Iraq's chemical weapons, has now taken the initiative, and, violating its promises and arrangements with Baghdad, in order to avert a wave of propaganda in opposition to the sale of chemical weapons, it has hastily condemned Baghdad's crimes. For this reason, Iraq is accusing America, which played host to its Deputy Foreign Minister a few weeks ago, of breaking commitments and of political hypocrisy.

He emphasized: In taking this step, America has made it possible for its friends in Baghdad to put on a superficially anti-American and progressive face, and to improve their own credibility in a period of political isolation in Islamic society caused by Baghdad's anti-Islamic actions.

The war propaganda staff spokesman added: It must be noted that the American publications, including the NEW YORK TIMES, have admitted that America knew a year ago of Baghdad's decision to employ chemical weapons in the imposed war. On Wednesday, American government radio, as quoted in the WASHINGTON POST, said: The Baghdad government is at the brink of collapse due to the Kheybar invasion, and had no choice but to use chemical weapons. Therefore, America's primary objective in its quick declaration with regard to this must not be seen in terms of its elementary and superficial implications. America, as the leader of the enemies of Islam, intends to make use of this position, and to persuade the public anew of the necessity for imposing an American peace on the Islamic Republic of Iran. For the same reason, in the last few days it has falsely and stupidly issued propaganda claims through its agents in the world imperialist news network that tens of thousands of Islamic combatants have been martyred, in order that it may itself enter into the situation in a peacekeeping role, and that its activities implicating the dying Baghdad regime may be portrayed as an indication of America's interest in mankind.

9310

CSO: 4640/160

## IRAN

### BRITAIN BLASTED FOR 'SUPPLYING CHEMICAL WEAPONS TO IRAQ'

Tehran KEYHAN in Persian 6 Mar 84 p 24

[Text] In the wake of Iraq's continuous defeats, despite extensive collaboration among the superpowers to prevent Saddam's collapse, and numerous threats by America and Britain with their ships present in the area, Saddam has been given authorization to make extensive use of chemical weapons in order to put pressure on the Islamic Republic of Iran.

News of this crime did not get out for a period of time in the beginning, and it did not find its way to any of the so-called free news agencies. However, the Islamic Republic of Iran's decision to send a number of combatants wounded by these deadly British weapons to Sweden and Austria led to the distribution of the news of this crime, and the Western press was forced to include it. The distribution of news for the purpose of self-exoneration of crimes brought on subsequent disgraces.

In the midst of this, the old imperialist British government, which was mainly responsible for this crime, began publishing contradictory news reports. Despite repeated confirmations by other western news agencies of the presence of chemical weapons in Iraq, and confirmations of their use in Operation Kheybar, it announced that Iraq did not have any kind of chemical weapons. For confirmation of this claim, the British turned to a recent statement by al-Fakhri, commander-in-chief of Iraq's armed forces.

Al-Fakhri said: Iraq basically has no chemical weapons, and if it had such weapons, it would have been logical to use them during Iran's last attack.

On the strength of this statement, the BBC tried to deny the British government's involvement in this crime, ignoring the fact that the British press itself had reported cooperation of this type many times. The GUARDIAN, for example, revealed on 23 September 1983 in an analysis that for two years a British

company has been supplying the Iraqi regime with implements and equipment to protect workers in this country's chemical weapons factories from the effects of chemical substances.

The author of this analysis, while affirming that Iraq uses chemical weapons against the Islamic Republic of Iran, as quoted in the newspaper NEW SUNSET, wrote: The British Ministry of Defense has made 10,000 protective devices valued at 500,000 pounds sterling available to Iraq.

Like the incident on the coast of Normandy, which caused great confusion in France, this is not something that the imperial British government can deny. It was reported that on 8 January 1984, following an accident involving an Iraqi ship named "Ibn Khaldun," the French police obtained several bottles of toxic poison which had fallen into the water. This ship had taken on a cargo of chemicals at Liverpool harbor. Following this incident the French police issued a danger alert to the people of the area; they described this ship's cargo as dangerous chemical substances that are used to build toxic chemical weapons.

The witnesses and irrefutable evidence are so extensive that despite its initial denial of this, after a week Washington was forced to admit that Iraq is using chemical weapons against Iran. The British, however, because of their direct role in Saddam's latest crime and its consequences, with shameful insistence eagerly broadcast the claims of the Iraqi commander over the BBC. They are not prepared to accept their first defeat before entering into an extensive fray alongside America in the Persian Gulf.

9310

CSO: 4640/155

## IRAN

### COMMENTARY BY IRNA ON 'EFFORTS TO INTIMIDATE COMBATANTS'

Tehran ETTELA'AT in Persian 12 Mar 84 p 2

[Text] The repeated use of illegal chemical weapons by Saddam's Ba'thist-Zionist regime against the forces of Islam on the southern fronts has also turned into tasty fodder for the Western press and other media.

These media, who have nominally undertaken studies of the subject by reporting various aspects of this savage act, without mentioning the suffering of the brave men who have manfully stood against the world's infidels and atheists on the southern fronts to defend the truth of Islam, usually conclude their comments with the repeated mention of Iraq's "denial."

Here, something that is in evidence more than before is that all the mouthpieces of the deceitful imperialists, exploiters, colonialists, and Zionists are trying to create a climate of fear in the area, and especially in our country, which will ultimately discourage people from going to the fronts.

The masters of Saddam's mercenary regime initially gave no reaction after the use of chemical weapons against the valiant combatants of Islam, but when the disgrace of their acts was being echoed everywhere, just as the Great Satan condemned them in accordance with a plan to deceive the world, all of its agents gradually and hesitatingly shed crocodile tears and began confessing sins and attempting to portray someone else as the principal wrongdoer. During these hypocritical statements the brokers of war stepped in, and countries such as England, France, America, and the Soviet Union were exposed in this inhumane exchange.

The BBC, the VOICE OF AMERICA, ZIONIST RADIO, RADIO FRANCE, THE SUNDAY TIMES and THE OBSERVER newspapers, and finally the gongs of Satan, tried in unison to divert public opinion from the main issue of the solidarity of our country's alert and revolutionary



nation, and to work against us once again in this artificial vacuum, by repeatedly publishing news of Iraq's use of chemical weapons.

For example, RADIO LONDON, in its 5:30 and 8:30 English broadcasts yesterday (12 March 1984), quoting an editorial from THE OBSERVER, which has been quoted in chorus by all the above radios, said: It is clear beyond the slightest doubt that Iraq has used poisonous gas against Iran, and has made little effort to deny it.

THE OBSERVER adds: Despite the futility of this war, it is still striking that Iraq is now using these weapons, whose use by Japan against China and in World War I led to the Geneva convention in 1925 for the purpose of prohibiting their use and stockpiling.

THE OBSERVER then extended the discussion to the two superpowers, America and the Soviet Union, and seeming to ignore the very close cooperation between Reagan and Thatcher's policies on the Straits of Hormoz, it cleverly removes the yoke of accusation from the Imperial British Government. It says: Despite the 1925 convention, America and the Soviet Union both have huge stockpiles of these substances, but after the second world war, England destroyed its stockpiles of chemical weapons(!)

This conclusion is reached, as always, by observing the clever methods of British policy. The VOICE OF AMERICA, in its Persian broadcast at 6:30 Wednesday, quoted Herbert Mandel, a laboratory specialist who announced the results of experiments by the Belgian Poison Studies Institute. It said: Wounded Iranian combatants who have been brought to Austria have been severely exposed to nerve gas and yellow rain. After making this simple (!) announcement, this radio once again cleverly mentions the severity and incurability of the injuries, and immediately quotes from "a British newspaper," which is evidently the same OBSERVER. It says: Iraq has established a secret factory for producing nerve gas, which is 280 kilometers to the west of Baghdad and was to have been used to produce pesticides.

Isn't the mention of all these details sufficient reason to assume that all these so-called humanitarian public heralds knew of all these things beforehand? The first thing that comes to mind, therefore, is how have these media and publications, who have been our sworn enemies up until now, hypocritically turned to us and become aunts kinder than mothers? And then the Soviet Union, which has made no mention on the war imposed on the suffering Muslim nation of Afghanistan and has also used chemical weapons against them, enters into the fray to divert the thoughts of the surprised nations of the world by publicly interfering and bringing up the routine subject of the execution of a few spies,

which is one of the inseparable aspects of the independence of any country. All of these clumsy radio stations are run by the kind of people from whom, in general, no humanitarian act is to be expected, especially since this is happening at a time when all the propaganda organizations and mercenary reporters of the East and West are at Ba'th headquarters in Baghdad alongside American, Russian, West German, French, and British experts in order to be able to turn Saddam's disgraceful defeat in the "epic of Kheybar" into a chimerical victory. For this purpose, they have obtained the help of people such as de Rochemont, the famous German filmmaker with a Midas touch for constructing war sets, with a lot of experience in Vietnam.

Even Jack Thompson, the famous BBC correspondent, who has gone to the fronts of southern Iraq several times on tours staged by the Baghdad regime, has been obliged to acknowledge the bravery of the combatants of Islam in his reports. He has clearly mentioned the terror of the Ba'thist mercenaries in direct confrontation with the pure and valiant Islamic forces of the Islamic republic, and has even spoken on it, and he has characterized as contemptible the manner in which some Ba'thist soldiers have handled corpses for reporters.

9310

CSO: 4640/161

RAFSANJANI REMARKS ON COMPENSATION, DEMAND FOR SADDAM'S TRIAL

Tehran KAYHAN INTERNATIONAL in English 6 Mar 84 p 2

[Editorial: "Tactical Remarks"]

[Text] Statements by Hojjatoleslam Rafsanjani on Sunday regarding the Majnoon Islands of Iraq constitute a shrewd political reply aimed at global circles which are reluctant to accept the facts regarding Iran's recent victories during Khaibar military operations.

Responding to questions on whether Iran's previous conditions for ending the war had changed with its capture of Iraq's Majnoon Islands--which could be tallied to the account of war compensation--Hojjatoleslam Rafsanjani said: "Of course if they consider these islands as war compensation for us, and a step toward getting our rights, we may accept it." However, if the issue is seriously put forth, then we should first consult Imam Khomeini, the Majlis (parliament), the president and the prime minister; and the final decision rests with them. Nevertheless, Saddam Hussein's trial remains an unchanged condition--that is, he should be put on trial for his war crimes.

Global imperialism and its new media have since the beginning of the Khaibar operations reacted according to their own interests. They have tried to understate and even ignore Iran's recent strategic victories. In this regard Imam Khomeini has said: "Whenever our enemies intensify their propaganda against Iran, it becomes clear that the magnitude of our victories in the war has increased."

The imperialist news media have said that since the warring countries do not allow "neutral" reporters to cover the war, it is difficult to prove any claims. However, it appears that the global news media have forgotten that during the entire course of the war and even with their reporters on the scene, where Iranian victories have been concerned they have followed these same tactics. Somehow it seems that it has been difficult for the imperialist news media to evaluate the truth of the warring countries' claims.

Neutrality calls for serious analysis and evaluation of the claims of Iran and Iraq. However, it seems that the imperialist news media are not sincere and true to their claims of neutral stances. It goes without saying that they do not want to witness Iraq's defeat in the imposed war against the Islamic Republic of Iran.

Considering global reactions to Iran's recent victories as well the lack of an extensive publicity network able to relay Iran's next moves to the world, it seems that Hojjatoleslam Rafsanjani's recent statement on the Majnoon Islands could be tactical.

When the capture of Majnoon Islands can be linked to Iran's conditions for ending the war, relaying the magnitude of the victory somehow is no longer a difficult task for the imperialist news media. This is why the imperialist news media can no more overlook Iran's victories. Moreover, when the value of the oil reserves in the captured Majnoon Islands is estimated to be around 240 billion dollars, then the Ba'athist regime of Iraq and its imperialist overlords cannot ignore Iran's recent victories.

Of course it is possible that this tactic as it relates to the original statements of Iranian administrative officials may have domestic consequences. However, it should be stressed the statements of Hojjatoleslam Rafsanjani should not be analyzed and evaluated outside the basic strategic framework of the Islamic fighters. Because, according to Hojjatoleslam Rafsanjani, Saddam's reign should not be allowed to continue any further because of his innumerable and dastardly war crimes which have included missile attacks on Iran's cities, use of chemical bombs, etc.

It does not seem that the issue of war compensation for Iran through the potentially oil rich Majnoon Islands, under the present conditions would alter the trend of the imposed war. However, the West will be finding it more difficult to project Iran as a warmonger. Thus, if the Ba'athist regime and its imperialist overlords and regional supporters ignore Hojjatoleslam Rafsanjani's recent statements the hypocrisy of the West's claimed desire for an end to Iran-Iraq war will become obvious. However, if they consider Hojjatoleslam Rafsanjani's statements and forward new proposals, then Iran will insist on its their condition that is, Saddam's trial.

CSO: 4600/439

# RAFSANJANI THREATENS BA'THIST RULE IN IRAQ

Tehran KAYHAN INTERNATIONAL in English 10 Mar 84 pp 1, 2

[Text] Tehran, March 9 (IRNA)--"It would be very naive (to think that) we (Iran) would allow the Ba'ath Party to remain (in power) in Iraq," Majlis Speaker Hasehmi Rafsanjani said today.

He said if the present Iraqi rulers stayed in power the region would become an area of constant crisis and the Islamic Republic would never be able to concentrate on its social and economic development.

Speaking to thousands of worshippers spread out over Tehran University campus and the adjacent streets in this week's Friday prayers, Hojjatoleslam Rafsanjani said the Iraqi regime was so desperate that it would not hesitate, if it were able, to internationalize its war against Iran, close the Strait of Hormuz, destroy the Kharg Island or poison the whole Iranian nation with its chemical bombs.

Rafsanjani rejected the idea of mediation between the two countries and said 95 percent of the mediators were "liars and want to preserve the status-quo and they perform to benefit the world's arrogant powers." But he added that the Islamic Republic was ready to hear new proposals.

The Speaker of the Majlis talked at length about the upcoming general elections for the Majlis in early spring, and said the polling should be "completely free in this time of war."

## Imam Confident in the People

"This was not even against the rules of western democracy. But it happened that if these groups supported a candidate that candidate was greatly enhanced and left no room for rivals. This threat existed but the spirit of this decision had roots in Islam.

He added that later Imam Khomeini said that no group should appoint candidates for another group, meaning that they should not announce joint candidates.

"Let the people choose their own candidates with their own instinct and let those who do not have the backing of these groups have the courage to introduce themselves. Let the people choose the best themselves...

"Today we are certain that the officials of the country do not want anything other than what the people want. They do not want to go in a direction other than the Imam's and therefore we have no fear. This shows the confidence of the leader in the people," he added.

The Majlis Speaker also condemned the idea that only the ulema had the right to decide on the affairs of the Majlis elections without the participation of the people.

He said Imam Khomeini's recent statements described such ideas as a conspiracy, even though those who preached it were not aware of it.

#### Autopsy Claims Baseless

The Majlis Speaker said reports that Islam and Imam Khomeini did not allow autopsies in Europe on the victims of the Iraqi chemical bombings in were totally unfounded.

"We asked the Imam about this issue and he said if it (autopsy) was necessary to prove a crime, then it was necessary and anyone who has said this is not compatible with Islam has made a blunder."

Three Iranian combatants, two in Sweden and one in Austria have died of severe chemical poisoning in the past week as a result of Iraqi bombing.

He said the positions of the Islamic forces in the Majnoon Islands, southeast Iraq, were easily defendable and the Iraqi forces have suffered heavy losses. "We will keep these islands," he said.

On the Majlis elections which will be held early in the next Iranian year (begins March 21), Hojjatoleslam Rafsanjani said the elections should be the freest at a time of war."

Initially, he said, the Islamic Republic Party, the Combatant Ulema Society, the Islamic Propagation Organization, the Qom Theological School and other groups tried to introduce joint candidates for the Majlis.

CSO: 4600/440

VELAYATI GREET'S 'OPPRESSED' ON ANTI-APARTHEID DAY

LD201326 Tehran IRNA in English 1310 GMT 20 Mar 84

[Text] Tehran, 20 March, IRNA---On the occasion of the beginning of the new Iranian year, coinciding with the international day for campaign against apartheid, Foreign Minister 'Ali Akhbar Velayati sent a message greeting all oppressed in the world who had been exploited and racially discriminated by aggressor South African and Zionist regimes.

The message hailed freedom-seekers in South Africa, Namibia, Palestine and other points in the world who were struggling to liberate their homelands, adding that the Islamic Republic and all free nations in the world were supporting legitimate rights of oppressed peoples and liberations movements.

Stressing innumerable crimes committed by the South African and Zionist regimes in the usurpation of Palestine, Namibia, Angola, and Mozambique, and in the massacre and dislocation of a great number of people, Velayati's message noted that at present racist Zionist regime in the Middle East resembled the South African regime in Africa.

It reiterated that these two regimes had common characteristics in the aggression against the rights of others, in harming international security, in ignoring international public opinion, and in gaining support from the United States and other powers.

The message called on all countries opposing racial discrimination to take effective strides on further intensifying pressure by public opinion against these two racist regimes and increasing boycott of the South African regime through an effective international supervision, as well as an extensive international boycott against the racist Zionist regime.

The message further added that such an international boycott should not only be conducted against these two racist regimes but against their supporters as well.

CSO: 4600/449

PM COMMENTS ON FORTHCOMING ELECTIONS, STUDENT PARTICIPATION

Tehran ETTELA'AT in Persian 15 Mar 84 p 3

[Text] Yesterday (Wednesday), Mr Mir Hoseyn Musavi, the prime minister, said in discussions studying the second term elections of the Majlis, in reference to the conspiracy forming to separate the university and academic people from politics: With the timely directives and warnings of the imam of the nation, fortunately, these conspiracies have been neutralized and now we are witnessing the active return of the universities to the political scene and political struggle. According to the IRNA correspondent, in this seminar, which was arranged at the invitation of the office for strengthening unity of the student Islamic society of the Polytechnic University, first, one of the officials of this office presented explanations regarding the establishment of this office. Then, Mr Mir Hoseyn Musavi, the prime minister, referred in his speech to the importance of such seminars in regards to bringing the universities out of the political isolation which they have been suffering and said: At the present time, when we are at the most sensitive time of the revolution, it is felt that the university is not on the political scene as it should be and that the revolutionary and active forces in the universities have been spending their time on marginal issues. The continuation of this situation would be very undesirable and dangerous. He referred to two pivotal points in the period after the victory of the Islamic revolution, that is, the occupation of the spy nest and the cultural revolution, and the role of these two incidents in bringing the students outside the boundaries of the university and into the scene of political currents and added:

The imam of the nation pointed to the conspiracy in the universities, namely the issue of depoliticizing the universities or the separation of religion from politics, which is rooted in the old calculated plans of the colonialists to subjugate all the oppressed and deprived nations. He added: The two clear outcomes of such an ideal can be, firstly, considering religion as an isolationist phenomenon from which the people run away, misdirecting it from its original nature, which is to free human



beings to worship God and fight oppression. The second result, to which much attention may not have been paid thus far is that in an extremely religious society, one in which people look at events and currents from the Islamic perspective, it would cause the people to be driven away from the scene and their views to be blocked, which would be a great loss.

According to a report by our correspondent, in another part of his speech, the prime minister said: Our revolution has been preserved by the sensitivity of the various strata of the people. What protects the revolution is the overall presence of the people on the scene.

Of course, the students have played their utmost role within the framework of institutions and organizations. But the role of student organizations in the university environment is far greater than their role in the institutions. The threat exists that this process might end in arguments and conflicts. But this threat exists for all the people. And this is contrary to the valuable experience of our revolution. Whenever we have been successful, it has been due to the presence of the people on the political scene. It is wrong to think that participation in political movements would result in the disunity of the people. Disunity is created in the universities when this system is depoliticized.

Continuing his speech, Mr Musavi referred to the policies of the previous regime in the area of the depoliticizing which was imposed on all levels of the society and said: When the imam of the nation was exiled from the Qom theological center, this was nothing short of removing politics from the people. It was the ultimate goal of the previous regime that no one should interfere in politics and it made various efforts in this regard.

He added: If we drive away the student in this progressive society so that he feels politically inactive, in this sense, we will have returned to the policies of the shah. For 100,000 or 150,000 of the most vital forces of the society, for whom the society has worked hard, to consider it not within their rights to be politically active would undoubtedly be in the interest of the United States.

If student movements in the most critical moments of the revolution, such as the occupation of the spy nest and the cultural revolution, had not existed and if the universities had not been involved in these movements, would our political destiny be as it is now?

These movements have occurred because politics in the university is meaningful.

He said: When we announced the government five-year plan, which affects the destiny of the entire society and especially the university people, we witnessed no position taking or expression of views from the universities. This was a sign of danger which was fortunately eliminated by the timely directives of the imam. The formation of this seminar also indicates the return of the university and the university people to the political scene.

Then, referring to the role of the next elections and the importance of the presence of the various strata, including the university people, in it, he said: Even in a society guided by divine values and pious people, if there is no supervising and guiding force, there is a possibility for deviation. This is where the vital role of the Majlis becomes quite apparent. He added: Because of the political growth of our nation, we are not worried about the results of the elections since whatever the results, it is in the interest of Islam and the revolution.

Then, referring to the directives of the imam of the nation concerning the elections and statements of the temporary Friday imam of Tehran in this connection, Mr Musavi said: The point made in the statements of the imam of the nation over the last few months in regards to the elections is an invitation to the people to vote consciously and thoughtfully.

The directives of the imam of the people that no region should present nominees for another region is one of the effective and destiny making factors of the revolution.

In conclusion, the prime minister emphasized the importance of this seminar in connection with the relation between the universities and the elections and asked for the continued formation of such seminars to compensate for the period of stagnation and lack of presence of the university people on the political scene.

10,000  
CSO: 4640/162

IRAN, ALGERIA TO EXPAND POLITICAL, CULTURAL, ECONOMIC RELATIONS

Tehran KEYHAN in Persian 13 Mar 84 p 3

[Text] Dr 'Ali Akbar Velayati, the foreign minister of our country, who headed a delegation of officials from the Ministry of Foreign Affairs and the Majlis to Algeria, met separately yesterday with Ahmed Taleb Ibrahimi, the minister of foreign affairs, and Rabah Bitat, the speaker of the Parliament of Algeria.

In the meeting between the foreign minister of our country and his Algerian counterpart, they spoke about the expansion of relations between the two countries and also about international situations.

After discussions with Ahmed Taleb Ibrahimi, his Algerian counterpart, and a gathering of the officials of the Foreign Ministry of that country, Dr Velayati, the minister of foreign affairs of our country said in an interview with the correspondent of IRNA concerning the various issues discussed: The Iranian delegation expressed pleasure in regards to the visit of Ahmed Taleb Ibrahimi to Iran and also thanked the hospitality of the Algerian brothers.

Dr Velayati said in regards to the expansion of economic relations between the two countries: In the area of relations between the two countries, they have been capable of expansion and positive steps have been taken in this area. I hope that these measures will become practicable and the two countries will be able to provide the grounds for strengthening economic relations through the exchange of technical and agricultural resources. Also, it has been decided that committees should be formed concerning technical and specialized issues in order for these issues to be followed up.

Concerning the expansion of cultural relations between the two countries, the minister of foreign affairs of our country said: The draft of the agreement which was signed by the two countries was discussed and we hope that through the efforts of both sides, it will be put into practice.

In regards to the global political issues discussed by both sides, Dr Velayati said: Considering that the Third World, the Islamic world, is being invaded by the superpowers, this issue was a deep concern of both sides in the talks. In particular, the issue of Africa and the increasing influence of the United States and Zionism on that continent and the efforts of the United States and the Zionist regime to drag some of the African countries into their camps were examined and emphasis was placed on the issue that the countries in the region must prevent the course and continuation of this problem and that the two countries of Algeria and Iran should not hesitate to provide any kind of assistance to eliminate this threat.

Dr Velayati continued: The expansion of nuclear weapons in the Third World and the installment of long range nuclear weapons were among the issues discussed between us. In our opinion, the Third World countries are victims of the arms race between the East and the West.

He added: I think that by relying on Islam, the Third World and the oppressed countries, we can confront this issue.

Concerning the Algerian communique and the legal violations of the United States in this regard, Dr Velayati said: The issue of the Algerian communique and the violations of the United States of this communique and well as the violation of the neutrality of the arbitration committee of the Hague were examined and discussed and the issue was explained to the Algerian brothers by the Iranian delegation.

#### Meeting With the Speaker of the Parliament

In his meeting with the speaker of the Algerian Parliament, Dr Velayati expressed his pleasure at meeting with him and explained the brotherly relations between Iran and Algeria, the importance of the Majlis in the regime of the Islamic Republic, the conscious role of the people in electing their representatives and the emphasis of the imam of the nation and other officials of the Islamic Republic on the importance of the Majlis.

Mr Rabah Bitat, the speaker of the Algerian Parliament, also welcomed the Iranian delegation, stressed the necessity of strengthening and expanding mutual relations, explained the importance of the Algerian Parliament and said: Next month, the representatives of 27 African countries will gather for a meeting

in Algeria. This is in itself of extreme importance in determining the destiny of the people of Africa.

In conclusion, the speaker of the Algerian Parliament sent his greetings to Mr Hashemi-Rafsanjani, the speaker of the Iranian Majlis.

#### Expansion of Relations Between Iran and Algeria

After the victory of the Islamic revolution and the establishment of the regime of the Islamic Republic of Iran, the relations between the two countries of Algeria and Iran expanded in various areas.

In early spring of 1979, Mr (Mowlud Qasem) came to Tehran as a representative of the president of Algeria, Mr Chadli Bendjedid, and met and spoke with the imam of the nation and other Iranian officials. He offered the congratulations of the government and nation of Algeria on the occasion of the victory of the Islamic revolution of Iran.

In the course of the Havana conference, meetings took place between the foreign ministers of the two countries, which helped to expand relations between the two countries. On 30 October 1979, a delegation from Iran participated in the celebrations of the 25th anniversary of the Algerian revolution. On 28 April 1980, the government of Algeria and the FLN, in a published communique, expressed their disdain for and condemnation of the Tabas incident.

On 30 October 1980, an Iranian delegation headed by Hojjat ol-Eslam Hashemi-Rafsanjani and several representatives of the Majlis departed for Algeria and several other Arab countries. During its stay in Algeria, the above-mentioned delegation, in addition to participating in the official session of the National Algerian Parliament, also met and talked with the high ranking officials of that country, including the president and prime minister of Algeria.

Following the visit of this delegation to Algeria, the office of the FLN published a communique in support of Iran and also the newspapers of that country wrote in detail about Iran and the imposed war.

On 20 January 1981, another delegation headed by the minister of roads and transport of our country departed for friendly countries, including Algeria, and carried out negotiations in the area of air, sea and ground transport cooperation. These negotiations involved the establishment of flights between the two countries, cooperation in the technical training of pilots,

cooperation in tourism, the creation of a joint shipping company, the exchange of technical cadre, and other issues.

In mid-winter of 1982, Dr Velayati, the minister of foreign affairs of the Islamic Republic of Iran, traveled to Algeria at the invitation of his Algerian counterpart and met and talked with the president, foreign minister and other officials of Algeria, exchanging views on mutual relations.

On 26 April 1983, two agreements, one on trade and another concerning the creation of a joint committee, were signed between the foreign ministers of the two countries.

On 10 February 1984, the Iranian ambassador to Algeria met and talked with the foreign minister of that country during which meeting both sides exchanged views on the issues concerning the conference of the leaders of Islamic countries, the situation of Lebanon and the imposed war.

As of 11 March 1984, 'Ali Akbar Velayati, the minister of foreign affairs of our country, is continuing his visit as the head of a delegation to Algeria at the invitation of his Algerian counterpart.

#### Reflection of the Visit of the Foreign Minister to Algeria

The current visit of the minister of foreign affairs of our country was widely reported in the Algerian mass media.

The semi-official newspaper AL-BA'TH, published in Algeria, in its Monday issue referred to the visit of the minister of foreign affairs of our country to Algeria: This visit, made at the invitation of Ahmed Taleb Ibrahimi, the foreign minister of Algeria, is taking place within the framework of the existing mutual and friendly relations between Algeria and Iran since the victory of the Islamic revolution of Iran and also reciprocating a visit made by the diplomatic chairman of Algeria to Iran last year. This newspaper adds: It is noteworthy that while Mr Velayati visits Algeria, the deputy prime minister of Iran is also in Algeria and the prime minister of Algeria visited Iran last May.

The above newspaper adds: These numerous visits are a result of the good relations between Algeria and Iran.

Pointing out that the mediation of Algeria in the issue of the taking of the U.S. diplomats as hostages in Tehran played a major role in establishing respect and trust between Algiers and Tehran, this newspaper states: The various and numerous visits between the leaders of the two countries expand this respect and trust.

The above newspaper adds: In the light of these relations, it appears that the future is more hopeful, thus, the foreign ministers of the two countries can be steadfast in solving global problems.

#### Visit to the Martyrs' Memorial

Continuing their visit, the foreign minister of our country and his companions visited the martyrs' memorial of Algeria in the city of Algiers and offered a bouquet of flowers at the grave of the Algerian martyrs.

Continuing his visit to Algeria, Dr Velayati will meet with Chadli Bendjedid, the president, and (Mohammad Sharif Mosa'ediah), the permanent secretary of the FLN Party of Algeria.

#### Visit of Dr Velayati to Romania

Dr Velayati, the minister of foreign affairs of our country, who is now in Algeria, will make an official visit tomorrow (Wednesday) at the head of a delegation to the Socialist Republic of Romania.

Dr Velayati's visit, which will last two days, reciprocates the visit to Tehran of Stefan Andrei, the minister of foreign affairs of that country in late spring of last year.

10,000  
CSO: 4640/165

KING INAUGURATES HIGHWAY

Kathmandu THE RISING NEPAL in English 16 Mar 84 p 1

[Excerpt] Budhimorang, Mulghat (Dhankuta): His Majesty King Birendra Bir Bikram Shah Dev inaugurated the 50.3 kilometre Dharan-Dhankuta Highway constructed under Nepal Britain cooperation programme amidst a grand function organised here Thursday.

As His Majesty the King cut the ribbon to mark the formal opening of the 422 million rupee project, near the Tamor Bridge here, the entire assemblage of Panchas, distinguished personalities and guests burst into applause.

Soon after the inauguration of the Highway, His Majesty the King, accompanied by Her Majesty Queen Aishwarya Rajya Laxmi Devi Shah, visited the project display room and inspected various photographs depicting different phases of the construction work.

At the display room, Their Majesties the King and Queen were briefed on the project by the project in-charge and also the project manager.

Earlier, on arrival by a special helicopter from the capital, Their Majesties the King and Queen were warmly welcomed at the helipad by the Koshi zonal commissioner, Mr. Dharma Bahadur Thapa, and Dhankuta district panchayat president Krishna Govinda Dewan.

At the main gate of the venue for inaugural ceremony, Their Majesties were welcomed by the Pancha Kanayas who offered garlands and bouquets. Also present to welcome Their Majesties the King and Queen were the Prime Minister, Mr. Lokendra Bahadur Chand, the Work and Transportation Minister, Dr. Dambar Narayan Yadav, Assistant Work and Transport Minister Mr. Bhola Man Singh Thapa, Rastriya Panchayat members, Work and Transportation Secretary, and officials of the Project.

At the venue of the function, the visiting Minister of State for Foreign and Commonwealth Office of Britain, Baroness Young, and British Ambassador Mr Anthony Hurrell welcomed Their Majesties.

CSO: 4600/443



## PRIME MINISTER'S 'GUTLESSNESS' CRITICIZED

Kathmandu THE MOTHERLAND in English 8 Mar 84 p 3

[Editorial: "Gutlessness"]

[Text] Prime Minister Lokendra Bahadur Chand is gentle, soft-spoken and well-behaved too. Admittedly, he has not been long in office but long enough to let people know about what he is capable of doing. His honesty and integrity cannot yet be questioned but regrettably the one impression he has given in the past eight months as the chief executive is one of do-nothingism. A period of eight months is a pretty long time at least to show the kind of determination which can create some amount of optimism among the intellectuals in particular and the people in general. Chand has miserably failed to do it. The one strong impression he has created for himself is that he is one of the weakest Prime Ministers possibly next only to ex-Prime Minister Nagendra Prasad Rajal. He is beginning to show signs of Thapa phobia whom he had ousted rather unceremoniously eight months ago and is haunted by the morbid fear that he will be paid back in his own coin.

It is true as he said in his Lahan speech on Tuesday that he had inherited an economy which was in shambles and true enough is also the fact that his seedy colleagues whom he has defended willy-nilly have made a shambles not only of the economy but also of the pancha unity which Thapa had been able to forge to some extent specially during and for some time immediately after the national referendum. The nation had of course to pay a heavy price for what Thapa did in the name of the referendum and the victory that followed. One hoped that the new team headed by Chand would make it their primary business to put the house in order economically and politically but it was badly belied. His colleagues have become notorious for all kinds of scandals and gross misuse of power. And the Prime Minister is there to defend them and their misdeeds making solemn pledges that his team is committed to bringing about illusive industrial and agricultural development provided that all 'Nepalis rise to the occasion.' His gutlessness is his weakness which will make the country go to pot. Will he ever understand this bitter truth?

CSO: 4600/442

MINISTER'S RESIGNATION DEMANDED OVER CONGRESS SUPPORTER'S DEATH

Kathmandu THE MOTHERLAND in English 6 Mar 84 pp 1, 4

[Text] One banned Nepali Congressman Yadav Nath Alok is reported to have succumbed to injuries inflicted on him during the violent confrontation between the outlawed Congress supporters and their opposition-colleagues in Surajpura village of Rapandehi district in southwest Nepal.

This was disclosed in Kathmandu by the banned party leader Girija Koirala, brother of late B.P. Monday afternoon.

Fifteen people, Girija claimed, have been seriously injured in the incident and their condition is critical. They are learnt to have been convalescing in the Butwal hospital.

In an English language press statement issued yesterday at the press conference, Girija says "this was not a political opposition and was a masterminded crime and was being committed under the very nose and protection of the armed police."

Girija wondered why the government itself is pushing us to the politics of confrontation?

He demanded immediate resignation of the Home Minister. The banned party leader questioned why nothing is being done against the present ministry, it is suppressing the people in general.

The statement in English by Girija and the one in Nepali by his friends have given different versions about the ninety-minute confrontation. While Girija says that attempt was made to set on fire the "very house" he was occupying, the one issued by his friends was actually set on fire. Girija also failed to identify the forces which, he said, 'masterminded' the operation nor the motive behind it.

Observers say that it is a warning given to Girija by the government against too much politicking. The confrontation is the third of its kind after the Chand Ministry came into power.

The first clash between the police and the banned party supporters took place six months ago when the Nepali Bidyarthi Sangh was not allowed to hold its annual function. The second confrontation took place when the banned party observed reconciliation-day nearly two months ago.

The government is so far silent on the incident.

CSO: 4600/442

MINISTER'S CLAIM ABOUT PRESS REGULATIONS TERMED 'RIDICULOUS'

Kathmandu THE MOTHERLAND in English 13 Feb 84 p 3

[Editorial: "Ridiculous"]

[Text] Nothing could be more ridiculous than the claim made by Finance and Communications Minister Dr. Prakash Chandra Lohani that the new press rules and regulations announced by the Government last week were formulated to make journalism "dignified and responsible." He also said that "objectivity, fairness and the freedom of press" are the basic tenets of the new rules.

There is no iota of doubt that the new rules are framed to scuttle what little freedom the press enjoys here. In fact, some of the provisions of the rules are more stringent, and to that extent, more authoritarian than those in the Press Act. He said that the new rules would be applicable to new registration only. First of all, the rules as published in the NEPAL GAZETTE, do not say so. More importantly, whether the rules are for the new ones or for the old ones, the fact is that they are against the spirit of the Constitution. They will not strengthen the growth of independent press in the country. The Minister talked of the dignity of press but what kind of dignity was he talking of? Is being subservient to the whims of those in the government "dignified and responsible."

Minister Lohani had gone to jail a decade ago demanding series of reforms in the country. It seems he has forgotten his own past history. He wants the press to change with him.

CSO: 4600/400

FORMER PRIME MINISTER WARNS OF PERILS OF ECONOMIC DOWNTURN, FAULTY PLANNING

Kathmandu THE MOTHERLAND in English 13 Mar 84 pp 1, 4

[Text] Former Premier Dr. Tulsi Giri, speaking impromptu in the second day deliberations at the National Development Council's 11th meeting Monday, joined Parashu Narayan Chaudhury in pressing for "economic justification of the Panchayat system".

According to the sources close to the political participants attending the NDC meet, both Dr. Giri and Chaudhury agreed "the Panchayat polity has already proved its political mettle."

This is the first time when the two leaders, both one time Secretary Generals of the banned Nepali Congress, have vent to the same feeling about the polity Nepal introduced in 1960.

Over two months ago Giri and Chaudhury had initiated a debate to ascertain as to who was a hardliner in Nepali politics. They appear to have now solved the riddle, say observers who found unity in thought of the two leaders.

Giri in his less than seven minute speech warned that the people might be prompted to agitate by non-Panchayat politicians if they feel grossly cheated and neglected in the name of development for long.

Premier Lokendra Bahadur Chand, who is reported to have chaired the session heard Dr. Giri say that "a lot of money has been spent in this country and the return has all gone to the pockets of a handful few making the people in general not able to enjoy the fruits of development.

The former premier lambasted the process of planning in this country and unless the procedures and the thrust are not changed the plans even the 60th plan will not change the fortune of the Nepalis.

The people who have already got the right to elect their representatives should also be allotted the responsibility to decide on development matters and execute them and enjoy the return of the same, said the former premier.

Chaudhury in his remarks is said to have announced "unless the political struggle between those in power and those outside it and the disunity among the

panchas are not positively solved the political atmosphere conducive to development cannot be created.

To him the need of the hour is to show the economic ability and competence of the Panchayat policy. The slow pace of national development should be expedited, he noted.

Plans in Nepal should drive direction and strength from the exploitationless society which constitutes one of the economic goals of the country's constitution, observed Chaudhury in what participants termed a "balanced and straight forward remark".

He is also reported to have said that the role of the planning body had been advisory and suggested for creat-on of planning ministry.

Two former premiers who shared the forum are learnt to have said the economy is in a dangerous state and the morale of the bureaucrats has been in the lowest ebb.

Nepal's first civilian Prime Minister Matrika Prasad Koirala and Kirti Nidhi Bista were critical of the way plans were implemented in Nepal". Planners do not have long term vision", they said.

Bista and Dr. Giri had taken the floor on suggestion of the participants.

CSO: 4600/443

# NEPAL-CHINA RELATIONS REVIEWED

Kathmandu THE RISING NEPAL in English 16 Mar 84 p 2

[Article by MRJ: "Nepal-China Ties--A Political Review"]

[Text] Chinese President and Madam Li Xiannian's five-day state visit to this country beginning on March 19, at the invitation of Their Majesties the King and Queen, has drawn the attention of commentators and observers of the diplomatic scene in the Nepalese capital. A couple of obvious reasons for such interest can be readily advanced.

First of all, it comes in the wake of the copious publicity generated by the Chinese President's sequence of journeys to Pakistan, Jordan and Turkey, countries he has just visited in what is his first foreign outing since assuming the Presidency on June 18, last year. Secondly, this will be the very first time that any Chinese Head of State is paying a state visit to Nepal.

Less obviously, but to my mind no less importantly, the state visit of President Li underlines two key characteristics of Sino-Nepalese relations: its intrinsic resilience and the priority that both countries attach to carefully nurturing it. The former aspect is reflected in the smooth and steady expansion of Sino-Nepalese friendship and understanding ever since formal diplomatic relations were established between the two in 1955. To recall, this relationship was assiduously cultivated by His late Majesty King Mahendra, the late Chairman Mao Zedong and the late Chinese Premier Zhou Enlai. In more recent times, it has been further promoted, deepened and honed by His Majesty King Birendra who has visited China five times since accession to the throne in January 1972. From the Chinese side, too, there has been a clearly discernable effort to reciprocate: in this regard, the memorable 1978 visit of the most well known Chinese leader in the post-Mao period, Deng Xiaoping, is notable as is the June 1981 visit to Nepal of Chinese Premier Zhao Ziyang.

After 1973

The period since 1973, however, merits a closer scrutiny. For the purpose of this article, it will be enough to note that the 1973-84 time frame takes in the era of Mao Zedong; witnesses the rise and decline of the "Gang of Four"; sees the rehabilitation, disappearance and comeback from the political

scene of Deng Xiaoping; records the rise of Hua Guofeng; and chronicles the changes of 1980-81 resulting, most significantly, in the elevation of Deng Xiaoping's "protoges", Hu Yaobang, as party chairman, and Zhao Ziyang, as Premier. In foreign policy terms, this period saw such landmark departures in the Chinese world view and foreign relations as is manifested in her abandonment of her radical critique of the obtaining international order and her dramatic opening up to the world at large; witnessed normalisation of China's relations with the US and Japan; brought about the formal termination of the 30 year Sino-Soviet treaty of "friendship, alliance and mutual assistance"--and, since the early 1980's, underscored visible new directions in foreign policy, including efforts at normalisation of Sino-Indian and Sino-Soviet relations. Yet, through it all, Sino-Nepalese ties remained not just unruffled but continued its steady forward movement thus underlining its essential inherent strength.

The years that have elapsed since January 1972 have not been completely uneventful from the point of political developments within Nepal either, though, admittedly, there has not been the kind of dramatic fluctuations as have been noted above in the Chinese example. In this respect, the most important changes concern those that related to the national referendum of May 1980. It is therefore notable that during His Majesty King Birendra's visit to Beijing in August 1979, His Majesty declared that irrespective of the then forthcoming national referendum, there would be no departure from Nepal's traditional policy of friendship with China--as has indeed been amply substantiated by developments since then!

So much for the demonstrated ability of Nepal-China relations in maintaining an even keel through the choppy waters of internal political changes or transformations. As far as the priority accorded by one country to its relations with the other is concerned, it will be enough, in the Nepalese context, to point to the earlier mentioned fact that His Majesty has paid as many as five visits to China from 1973 to 1982. In the Chinese case, attention is invited to the following: the inclusion of Nepal on President Li Xiannian's first tour abroad since assuming the Presidency last year; the visit of Premier Zhao Ziyang to Nepal in June 1981, on his second foreign outing not long after assuming Premiership; and the 1978 visit of Deng Xiaoping to Nepal, representing the first visit abroad of the Chinese leader (along with Burma) after the great political changes in China following the death of Chairman Mao in September 1976.

On the forthcoming Li visit one notes, firstly, that it is the most important one from the Chinese since Their Majesties' friendly visit in July 1982 to Gansu province and Xigatze in Tibet. As such, it will perhaps be useful to focus on developments in the international, regional and bilateral relations spheres since then for a possible insight into what may be discussed at the highest levels during the state visit of President Li, one of China's most-senior and well known leaders today and one who has met His Majesty in Beijing in 1973 and 1979.

But, even before going into that, it should be kept in mind that President Li's visit to Nepal (as well as the earlier journeys to Pakistan, Jordan and



Turkey), is only one of a series of important foreign initiatives that the new Chinese leadership has been engaged in recent times, possibly as part of what appears to be new and carefully calibrated adjustments in her overall foreign policy thrust following the political changes of 1980-81, and after.

#### Adjustments

Among the other important recent foreign outings by Chinese leaders must be identified the visit to Japan in November last year of Chairman Hu Yaobang and that in January this year of Premier Zhao Ziyang to the US.

Reverting, however, to recent foreign policy modifications or fine-tuning in China's world view, few notable features come to mind. Among them: an end to what some considered a two-year low in Sino-US relations, following the visit to Beijing last September of Secretary of Defence Caspar Weinberger who approved many items of US technology for sale to China. Equally noteworthy is that the slow thaw in China's relations with the Soviet Union and countries of Eastern Europe has continued. This is exemplified, on the one hand, by the latest round of Sino-Soviet normalisation talks in Moscow--the fourth since these were started following the late Soviet President Leonid Brezhnev's initiative--and, among other things, by the disclosure that senior Chinese official Wang Bingnan will not only be visiting Moscow in April or May but would also combine it with visits to several East European countries, including Hungary and Poland.

While the thaw in Sino-Soviet relations seems, to date, to have had the greatest impact in areas such as culture, sports exchanges and trade, not much progress has been noted on the three familiar Chinese points: China's objection to the massive Soviet armed presence along the long Sino-Soviet border, Soviet military intervention in Afghanistan and her support for the continued presence of Vietnamese armed forces in Kampuchea.

Though the first point is possibly the most important for China, it is interesting that it has been on the other two that President Li has, according to recent press reports, focussed on thus far on his current tour.

Mention may also be made of Sino-British talk sessions that have been underway since last year on the question of the future of Hong Kong where, besides all else, Gorkha soldiers serve. Significant, too, in the general context of the new adjustments in China's external relations is Beijing's interest in normalisation of ties with India for which purpose four rounds of official level talks have already been held since the first was launched in New Delhi in December 1981, following the then Chinese Foreign Minister Huang Hua's visit to India earlier that year--the Huang visit to India itself coming shortly after Premier Zhao's visit to Nepal in June. Similarly, it is important to recall here that China has been an ardent supporter of the idea of South Asian cooperation--a concept that has made some, though not very dramatic, advances in the past few years.

## Update

The unfortunate slide in Indo-Pakistan relations of late will probably not go unnoted by China in any foreign policy assessment of the current situation in South Asia. This of course is linked with China's perceptions of the significance of Super Power interest and/or involvement in this part of the world, specially that in India and Pakistan. This has been projected effectively by the developments connected with the recent visit to India of the Soviet Defence Minister Dimitri F. Ustinov on a trip that has since been uniformly regarded to have been of significant long term implications as far as the security environment of the South Asia region, and particularly of the Indo-Pakistan theatre, is concerned.

In any case, it is evident that the Chinese head of state's visit will afford a timely opportunity for high level exchanges on these and other topics of international and regional political significance. The fact that His Majesty the King had paid a visit to the US a month before Premier Zhao, and that President Reagan is himself planning a trip to China in April may also be noted in this context.

The Chinese President's visit should on the whole thus provide the opportunity for Nepal to update herself on the very important changes that seem to be taking place in China's external relations, including most notably, in the context of Beijing's move to improve relations with the Soviet Union and India, in addition to that with the US, not to speak of her moves to consolidate ties with such traditional friends as Pakistan, whose President paid a state visit to this country less than a year ago. An up-to-date brief on developments relating to the future of Hong Kong, would be useful not just for reasons already noted but possibly also in the background of the recent visit here for British Minister of State for Foreign and Commonwealth Affairs Baroness Janet Mary Young. Most useful, too, would be for this country to acquire an understanding of China's perceptions of recent developments in South Asia, from last year's nonaligned summit in New Delhi to, most recently, Marshal Ustinov's recent visit to India.

## Bilateral

On the important bilateral relations front, the visit of the Chinese President can be expected to generate a great deal of goodwill and friendship in Nepal for China and the Chinese people. Quite apart from the closeness of the two countries' positions on many key international issues of our times, including Afghanistan and Kampuchea, there is this firm bed-rock on which Sino-Nepalese understanding rests: that both strictly adhere to the doctrine of Pancha Sheel including the principle regarding the inadmissibility of interference in one country's domestic affairs by the other and the concept of equality of sovereign nations. Another important cementing factor is China's firm and early support for His Majesty the King's sagacious proposal that Nepal be made a Zone of Peace. Nepal on her part sympathizes with and supports China's modernisation drive and endeavours for reunification.

The assistance provided by China in the development of key areas of our national economy, including the transportation, hydro-electricity and basic industries sectors, is another very important feature of Nepal-China cooperation. This should, as such, also prominently figure during President Li's visit. Indeed, besides the well known fact that President Li is considered to be among the most well known and respected economic experts in China, we have his statement in a recent Xinhua interview saying that the purpose of his visit was to "enhance mutual understanding and study, promote friendship and expand cooperation."

What should also be recalled is the steady growth in the area of cultural exchanges and trade which, according to a Xinhua estimate, exceeded US\$28 million last year. The constitution of an inter-governmental committee on economic cooperation and trade, which is expected to provide a further fillip to bilateral economic cooperation, is noteworthy too.

Even more so, however, is the recollection of the fact that the past few years--and particularly since His Majesty's historic visit to Tibet in 1976--have witnessed a rapid expansion in the traditional ties between Nepal and the Tibetan region of China. In fact, although the construction in 1967 of the Chinese assisted Arniko highway to the Nepal-China border had greatly helped in this process, the two visits of His Majesty the King to Tibet have clearly served as a powerful factor in underlining the physical closeness to Nepal of the vast Tibetan plateau, which is of immense geo-strategic value to the entire South and Central Asian region.

Against such a background, it is hardly surprising, therefore, that such interest has been aroused by the impending visit of the distinguished Chinese visitor and his entourage. Similarly, none should be taken aback if the state visit of President Li Xiannian to this country should come to mark another significant milestone in the development of Nepal-China relations.

CSO: 4600/443

## STUDENTS PROTEST AGAINST CHAND MINISTRY

Kathmandu THE MOTHERLAND in English 12 Mar 84 pp 1, 4

[Text] Students appear determined to voice their opposition to the Chand Ministry not through the memorandum and not through the statements but through graffiti on the public walls of the capital and displaying black ribbon round their arms.

A number of attempts to point the police excesses in Surajpura, Piscar, Lahan and Sirana have been made by the students who feel close to the banned Nepali Congress students' wing, Nepal Bidyarthi Sangh.

Most of those who tried to give a visual account of police suppression on the public walls have been arrested by the local administration, say the students' sources. But the administration said they have not taken any body in custody in this regard.

In the heart of the Kathmandu Town Panchayat some students took out a procession with black bands on their arms Sunday afternoon. The procession could not make headway.

It had to disperse in no time because of police action against them.

Helmeted policemen and those with baton were seen in some places in the capital and other thoroughfares the whole of Sunday.

Higher education students have meanwhile expressed their decision not to attend classes in protest against the negligence of the highly placed authorities of the Tribhuvan University from next week.

With the National Games slated to start in about 11 days time in Pokhara, the Sports Council authorities are considering a way to ask the schools and campuses to close for about a week. Fagu, the traditional weeklong festival in which the vermillion powder is sprinkled among people, is already on and the schools and campuses are compelled to declare unofficial holidays on the occasion. The Chand Ministry has been challenged from all sides--students, banned partymen both in the left and right, pro-panchayat people.

CSO: 4600/442

ANTI-GOVERNMENT SLOGANS RAISED IN PUBLIC MEETING

Kathmandu THE MOTHERLAND in English 7 Mar 84 pp 1, 4

[Text] Ex-minister of State Krishna Charan Shrestha with about 150 of his supporters shouted anti-Chand Ministry slogans at the mass meeting which the Prime Minister was addressing at Lahan in Siraha district yesterday.

The meeting was disturbed for some time when they raised the slogans like 'Long Live His Majesty The King, Long Live The Panchyat System and Down With the Council of Ministers.

Shrestha represents Sirha district in the Rastriya Panchryat.

Pradhan pancha of Lahan Town Panchayat, ex-RP member Lagan Lal Chaudhary and other influential panchas were conspicuous by their absence among those present to welcome the Prime Minister.

They were all present on arrival of former Prime Minister Surya Bahadur Thapa and some of the panchas opposed to Thapa had greeted the former Prime Minister with black flags a couple of days ago at the same place.

CSO: 4600/442

THREATS TO POLITICAL STABILITY DISCUSSED

Kathmandu THE MOTHERLAND in English 12 Mar 84 p 3

[Editorial: "Intriguing Situation"]

[Text] We believe that all those concerned have by now realized the gravity of the situation the country is passing through. The recent Piscar incident at which unarmed people were showered with bullets, the mysterious death of driver Ganesh Bahadur Shrestha, the blood-shedding at Surajpura and Black flag politics at Lahan mean more than what they appear on the surface. The political stability is threatened and an atmosphere of horror is created. All these things have happened not by any accident. It is a deliberate design of sabotaging whatever little political stability the country has been able to achieve. The Piscar incident was triggered under the false pretext of eliminating the so-called extremists by frightening the simple and starving people out of their lives. Ganesh driver lost his life for reasons which are not explained by the authorities concerned. A gathering of like-minded people were mobbed by armed men at Surajpura to hit the so called democrats.

These are disturbing developments which can go out of control any time creating a serious problem for the country because the design of those who have engineered all these incidents do not seem to have been acting on their own. This is a serious question which need probing. On top of it all is the infighting among the panchas. The battle line between the panchas who are in power and those out of it is clearly drawn as part of the political mess in which the country is already bogged down. The intriguing question is who is serving whose interests by creating all these unnecessary problems? We believe that it will be a worthwhile exercise if efforts are made before it becomes too late to uncover people working with sinister design to harm the national interests.

CSO: 4600/442

# INDUSTRIES, AGRICULTURAL PROJECTS PLANNED FOR KARNALI ZONE

Kathmandu THE RISING NEPAL in English 8 Mar 84 pp 1, 6

[Text] The Ministry of Industry will set up wool processing unit at a suitable place in Karnali zone within the fiscal year 1984-85 to process and standardize the wool of the zone so that it may fetch due return.

This is stated in a booklet detailing the decisions taken by His Majesty's Government following the Royal directives given during Their Majesties' unofficial tour of the Mid-western development region.

Provision will also be made for training in wool-processing as well as for making available loans at concessional rates through the Agriculture Development Bank and commercial banks to those trained in this field.

The ministry will send a team this fiscal year in Jumla to study the effects of the close down of the cottage industry centre there. The team will also inquire as to whether such centre is still necessary in the district and help reopen it as far as possible.

The Agriculture Ministry will provide training to two persons in ginger cultivation or processing next fiscal year with a view to preparing skilled hand in up-to-date farming and processing of ginger in Salyan district where ginger is grown in plenty as cash crop.

As regards the Royal directives on development of Birendranagar as the regional development centre, the government has decided to complete the existing projects to that effect by the final year of the sixth plan.

Besides, programmes designed to stimulate popular participation in that direction will be formulated and implemented in the Seventh Plan as envisaged in the Royal directives.

Concerning the planned establishment of town in Kohalpur area in Banke district as stated in the Royal directives, the Forest Ministry will earmark 103 bighas for town development in the first phase, retain as panchayat forest the forest region adjoining the town area to the north of the highway. A town development committee will be formed under the chairmanship of the Bheri Zonal Commissioner to make necessary arrangement for the same in conformity with the policy relating to Birgunj town development.

As regards the Royal directives on controlling erosion of land by rivers, it has been decided to accord priority to erosion control measures in places on the basis of the gravity of the problem and extend necessary assistance for them accordingly.

CSO: 4600/441



## EFFORTS TO ATTRACT FOREIGN INVESTMENT DESCRIBED

Kathmandu THE RISING NEPAL in English 5 Mar 84 p 2

[Article by Rameswar Acharya: "Attracting Foreign Investment"]

[Text] Industrialisation is infant stage in Nepal. Its contribution to GDP is 4.2 percent and it provides employment to only one percent of the active labour force. If cottage industries are to be excluded from the industrial sector, its share in the economy will be negligible. In the year 1977/78 the total number of cottage industries constituted 99.3 per cent of the total industrial units and these small units provide 95.6 percent of the total industrial employment. Out of the total number of cottage industries 99.8 percent of the total units constitute very small units. But the contribution of the cottage industry to the total industrial production is less than one third of the total. In fact, the cottage industry sector is estimated to contribute more than 6 percent to the GDP.

## Industrialisation

The first step towards initiation of industrial development was taken more than fifty years ago by establishing an Industrial Council in 1930, but without any concrete results. After the enactment of Nepal Company Act in 1936, some industrial enterprises came into existence in the private sector. But most of the industries were unable to utilize their installed capacity because of financial, technical and various other problems. Narrow domestic market, because of low purchasing capacity of the general public, landlocked position and the distance from the nearest sea port are other major constraints to the industrialisation process in Nepal.

The first Industrial Policy 1957 classified to the industries in three different categories for the provision of providing facilities and concessions. One of the major objectives of the Industrial Policy 1960 was to encourage industries, based on indigeneous raw materials classified into import substitutions and export oriented.

Likewise, the Industrial Policy 1974 also aimed to promote export oriented and labour intensive industries in the private sector. Yet there was slow growth of industrial development.

With a view to rapid industrialization the Industrial Policy 1981 came into force. The Foreign Investment and Technology Act, 1982, and the Industrial Enterprises Act, 1982, were also promulgated to give incentives to private sector as well as foreign investors for investment in industries in Nepal. Cottage and small industries are reserved specially for Nepalese citizens, whereas medium and large scale industries are open to foreign entrepreneurs, allowing them majority share in the medium and hundred percent in the large scale industries. Thus the current Industrial Policy has given first priority to the private sector to set up industries. All the industrial projects are open to private sector except defence industries. A number of facilities and concessions have also been granted.

#### Foreign Investment

It is the policy of His Majesty's Government (HMG) to create climate for investment which will orient the private investors to turn their capital and skill to industrial development. Hence the new industrial policy along with appropriate legislation have been enacted to attract foreign investment in industrial ventures in Nepal. If a foreign investor makes an equity investment in a Nepalese industry in convertible currency, hundred percent dividend may be remitted in convertible currency. The HMG will not nationalise any industrial enterprise except in special cases. In those cases, the owners will receive compensation based on appropriate valuation of the net worth of the enterprise.

HMG's awareness in the field of industrial development is also apparent from the fact that it organised Solidarity Ministerial Meeting in Kathmandu from November 29 to December 3, 1982 with the purpose of attracting foreign capital and knowhow. In this regard United Nations Industrial Development Organisation (UNIDO) is sponsoring an International Meeting on "Investment Promotion Meeting for Nepal" in Kathmandu in the near future. It is hoped that prospective investors both from developed and developing countries will be attracted to meeting and investing in Nepal.

HMG has recently announced (Nov. 25, 1983) two years ago a new, comprehensive and time bound economic programmed aimed at 'revitalising' the national economy. Under the industrial sector the main highlights of the economic programme are: to set up export-oriented, import substitution and essential goods industries and to enhance employment opportunities through harnessing of water resources and promoting industrial growth. In the programme the provision is that a total of sixty-seven new industrial ventures would be started for production of paper, cotton, cement, batteries, canvas shoes, iron rods, electrical transformers, electrical accessories, drugs and so on.

With the consideration of topography, limited resources, size and land locked position and under-developed agricultural sector in Nepal, there has been a wide scope for small and medium industries rather than large scale industries. With this in consideration institutional arrangement and certain policy measures are being evolved to promote and nourish the small and the medium sector industries through the national plan.

The Foreign Investment and Technology Act 1982 also made possible foreign investment in medium and large industries also. Similarly, this Act has made joint ventures and capital repatriation possible, more clear and attractive. Nepalese entrepreneurs are also at present keen to work jointly with foreign counterparts for the cause of industrialisation. Other than defence, all other industries have been left open for the private sector. A lot of facilities have been planned to give the willing foreign investors. Basic sociophysical infrastructure is now available in this land locked country. Foreign investors have gained vast experience in the field of management and technology which can be equally beneficial to other countries like Nepal.

#### Sorting Difficulties

In 1930's when modern industries were set up in Nepal for the first time, Nepalese entrepreneurs received the support from India. Support from the developed and developing countries from government and the private entrepreneurs should now come in a high way. Infrastructural difficulties were still to be sorted out, particularly in western and far western region of the country.

Lastly, no all round economic development is not possible without industrial development. However, small and medium scale industries should be developed in a scattered way through the country, so that the benefit of industrialisation could be felt by the common people

(The coauthor is Assistant Secretary of the Federation of Nepalese Chambers of Commerce & Industry (FNCCI)

CSO: 4600/441

## SIXTH PLAN GROWTH SEEN INSUFFICIENT

Kathmandu THE RISING NEPAL in English 12 Mar 84 p 2

[Editorial: "Insufficient Growth"]

[Text] The National Planning Commission in its mid-term report on the Sixth Plan (2037-42 Bikram Samvat) has indicated that the growth of national production in the first three years of the plan averaged 3.5 percent per year in comparison to the target of 4.3 percent. The Sixth Plan had set a target of 3.2 percent growth annually in the agricultural sector and 5.6 percent in non-agricultural sector for an overall average of 4.3 percent growth. The first year of the plan was highly encouraging in that the growth recorded in all sectors was 5.6 percent. However, dependent as the harvest is on the vagaries of the weather the growth has been mainly attributed to the 'good' weather experienced that year and the resultant increase in agricultural production. However, production declined the next year and, in fact, decreased by 0.7 percent in the third year of the plan mainly because of the drought that hit the country then. National Planning Commission statistics point above all to the fact that the country's national production is highly dependent on the weather factor and all planners and policy formulators would do well to take this variable adequately into consideration while determining the country's growth rate in future. For droughts and floods are period events that afflict the country, bringing misery to the people directly affected and lessening the production. It must be admitted, however, that weather alone need not be responsible for the rate of growth if man-made facilities and infrastructures, specifically irrigation facilities, were developed and provided on a large scale. As a result of the past two years of unsatisfactory growth rates combined with the unprecedented 2.66 percent growth in population, the per capita income of the people at the end of the third year of the plan has remained virtually the same as it was at the beginning of the Sixth Plan.

It is notable in this regard that the National Development Council is meeting presently under the chairmanship of His Majesty the King to deliberate on the basic principles of the Seventh Plan. The performance of the Sixth Plan, its growth rate as well as factors affecting the growth will prove to be invaluable in determining the priorities and outlay for the Seventh Plan. The performance of the agricultural sector--the main source of national income--and its dependency on the weather is a matter of special concern in

view of the high rate of population growth. Growth in the non-agricultural sectors, including industries and services, has been encouraging in all three years of the plan period. The differences in the growth in these sectors in each of the plan period years is to be accounted for because the performance in the agricultural sector ultimately determines growth in other sectors as well. In any case, growth pattern in the first three years of the Sixth Plan has important lessons for our economists which the National Development Council will no doubt note but which the National Planning Commission would do well to keep in mind while actually formulating the Seventh Plan and determining the growth rate in each year of the Seventh Plan period.

CSO: 4600/441

COMMITTEES FORMED TO PREPARE REPORTS ON SEVENTH PLAN

Kathmandu THE RISING NEPAL in English 13 Mar 84 p 1

[Text] Twentyfive National Development Council Members expressed views at the NDC meeting held at the Review Hall of the National Planning Commission here Monday.

By command of His Majesty the King the session of the NDC meeting was presided over by Prime Minister and Chairman of the National Planning Commission Lokendra Bahadur Chand.

At Monday's meeting former prime ministers Matrika Prasad Koirala, Dr. Tulsi Giri and Kirtinidhi Bista and Parsunarayan Choudhary, Sardar Yadunath Khanal, Kulshekhar Sharma and RP committees chairmen Bhagabati Das Shrestha, Karna Bahadur Dhimal, Karna Bahadur Singh and Ramchandra Raya and Vice-Chancellor of the Tribhuvan University Ramchandra Bahadur Singh expressed their views.

Likewise, Governor of Nepal Rastra Bank Kalyan Bikarm Adhikari, and district panchayat presidents of Arghakhanchi, Parsa, Surkhet, Kaski, Jhapa, Okhaldhunga, Accham, Rasuwa, Siraha, Bojpur, Baglung, Dhankuta Messrs Omkar Bhusal, Farjala Ahamed, Om Bahadur G.C., Amber Bahadur Karki, Keshav Kumar Budhathoki, Champak Sunwar, Devendra Bahadur Shaha, Daya Jinjong Tamang, Chittaranjan Goit, Sangram Singh Rai, Rana Singh Thapa and Krishan Govinda Dewan respectively and acting president of Rukum district panchayat Chakra Bahadur Shrestha also presented their views at Monday's session.

Later on three committees were constitute under the convenorships of former prime ministers Matrika Prasad Koirala, Dr. Tulsi Giri and Kirtinidhi Bista to prepare reports on the working papers on the basic principles of the Seventh Plan, the projects to be accorded priority from the national point of view and the mid-term progress review of the Sixth Plan presented Monday for the NDC plenary session scheduled to be held today (Tuesday).

The two committees constituted under the convenorship of Dr. Giri and Mr. Bista met Monday and held elaborate discussions on the projects to be accorded priority from the national point of view and the mid-term progress review of the Sixth Plan and prepared reports while the committee constituted under the convenorship of Mr. Koirala will meet again this morning to prepare a report on the basic principles of the Seventh Plan.

AGREEMENT ON IRRIGATION PROJECT SIGNED

Kathmandu THE RISING NEPAL in English 15 Mar 84 p 1

[Text] The Ministry of Agriculture, His Majesty's Government, and the CARE-Nepal Wednesday signed an agreement for jointly launching a small farmer's irrigation project.

The three-year project to be launched at the estimated cost of 18.5 million rupees envisions to irrigate 1250 hectares resulting in more intensive cropping.

Work has now commenced at five irrigation project sites in Makwanpur and Dhanusha districts and CARE-Nepal will work with the small farmer development programme (SFDP) of the Agricultural Development Bank (ADB).

CARE-Nepal will contribute fifty percent of the total cost in material, tools and equipment, logistic services and technical and managerial support and the ADB-Nepal will make available loans to the small farmer groups for upto fifty percent of the project cost.

The small farmer groups have shown their support for the project by the formation of construction and water use committees.

The program's overall objective will be to enable subsistence and marginal farmers to increase agricultural production by optimizing use of their land and employment generation from multi-crops cultivation through greater use of manual labor.

Joint Secretary in the Ministry of Agriculture Thakur Nath Pant and country director of CARE-Nepal Edward E. Brand signed the agreement in the Agriculture Ministry. (RSS)

CSO: 4600/443

DIRECTIVES ON DEVELOPMENT TO BE IMPLEMENTED IN MIDWESTERN REGION

Kathmandu THE RISING NEPAL in English 5 Mar 84 pp 1, 6

[Text] His Majesty's Government has taken decisions to implement the directives given by His Majesty the King to the government on the occasion of Their Majesties the King and Queen's recent unofficial visit to the Midwestern Development Region.

Regarding the directives given by His Majesty the King for the completion of Butwal-Kohalpur sector of the Mahendra Highway as expeditiously as possible and expedite the construction of Kohalpur-Chisapani sector, His Majesty's Government has decided to complete the construction of Butawal-Kohalpur sector in the current fiscal year except the construction of bridges over the Rapti and the Tinau rivers.

The sector of the highway is undertaken with cooperation of the Government of India.

Construction of the bridges over the Rapti and the Tinau rivers will be completed by the fiscal year 1985-86 as part of the programme to carry out the directives given by His Majesty the King.

Extensive negotiations will be held with the World Bank for construction of Kohalpur-Chisapani sector of the Mahendra Highway in order to undertake construction of the sector as soon as possible. Meanwhile, service track for the winter will be maintained.

Kohalpur sector will be completed with the bridge within the next four years as the highway linking the Birendranagar, the centre for Midwestern Development Region. His Majesty the King had given directive to complete the sector under a time bound programme.

The construction of the highway the Finance Ministry of His Majesty's Government will be providing sixty million rupees every year. Decision has also been taken to gravel the 10 kilometer road in the Surkhet Valley for the present.

According to the decision taken by His Majesty's Government, the local administration with the cooperation of the local people will do the needful to



discourage the trend of building houses by the side of highways and feeder roads. Necessary measures will also be taken to deal with unauthorised settlement around Surkhet-Birendranagar road and also unauthorised settlement in Kohalpur area of Banke district.

As directed by His Majesty the King to align Surkhet-Jumla road as soon as possible and in as straight a manner as possible, the government will undertake construction of the road and gravel it in order to make it truckable. As for linking Dailekh with Kalikot with the shortest possible link road, decision has been taken to construct the road from Surkhet to Dailekh passing through Dhungeswor and the Tila river in Kalikot on the basis of the survey done by the Works and Transport Ministry.

According to the decision taken by His Majesty's Government, feeder roads will be built to link Dailekh and Kalikot district headquarters with Surkhet-Jumla Highway, construct Surkhet-Jumla road under the rural development project accordingly and mobilise necessary resources for expediting the construction of the highway.

Likewise construction of the roads linking Tulsipur, Sallyan Gorahi and Pyuthan via Chakehake and Libang (Rolpa) under the Rapti integrated development project will be undertaken and initiate necessary measures to elicit cooperation from the donors forexpediting the construction of the road.

It is also decided to go on constructing the Meliya-Tulsipur sector of the Mahendra Highway in the form of north-south highway in Rapti zone. The technical alignment of the road will be also done.

Steps will also be taken to construct feeder road linking Galariya with Nepalgunj under time-bound programme and while constructing the road emphasis will be placed on bringing cotton farm of Kumbhar within reach as directed by His Majesty the King.

CSO: 4600/441

MAJOR HYDROELECTRIC PROJECT INAUGURATED

Kathmandu THE RISING NEPAL in English 10 Mar 84 p 1

[Excerpts] Charghare (Nuwakot): His Majesty King Birendra Bir Bikram Shah Dev inaugurated the 14.1 megawatt Devighat Hydroelectric Project as a colourful function organised at the project site here Friday. To mark the occasion, His Majesty the King pressed a button which set in motion three generators to the central power grid.

After inaugurating the project, His Majesty the King unveiled a marble plaque at the main gate of the Devighat power house.

On arrival for the function at the Charghare helipad. His Majesty the King, accompanied by Her Majesty Queen Aishwarya Rajya Laxmi Devi Shah, was accorded a warm welcome by the Water Resources and Supplies Minister, Mr. Pashupati Shumshere Rana, Nuwakot district panchayat president Govind Prasad Pandey, Water Resources Secretary Madhusudan Dhakal, Bagmati Zonal Commissioner Bishnu Pratap Shaha and the Indian Ambassador to Nepal, Mr H. C. Sarin.

The 73 million rupee Devighat Hydroelectric Project is constructed under Nepal-India Cooperation Programme and is designed to utilise the tail race waters of the Trishuli Hydroelectric Project, one of the country's oldest hydroelectric projects.

CSO: 4600/441

# NEW PRESS REGULATIONS REPORTED

Kathmandu THE MOTHERLAND in English 10 Feb 84 pp 1, 4

[Text] Communications Minister Dr Prakash Chandra Lohani was heckled at a press conference he called in Kathmandu Thursday with a view to explain the new press and publications rules introduced early this week.

"Take the rules back or resign" was what most journalists said at the rowdy 90 minute press conference, Dr. Lohani's first as Communications Minister after he assumed the office nearly seven months ago.

Dr. Lohani who appeared fresh, enthusiastic and communicative at the outset had to strain his vocal chord later when the cross section of Nepali and foreign journalists accused him of having plotted against the development of journalism through the new rules.

The rules will help create an atmosphere in which healthy journalism can prosper, said Dr. Lohani in high pitch voice. But some journalists were not ready to listen to his argument. They said the rules went against the spirit of the Constitution, which guarantees freedom of expression.

Asked why the minister sought to make distinction between the old newspapers and new ones, the Communications Minister said that the rules actually did not have room for such distinction.

Minister Dr. Lohani at one point could not control the press men. This later resulted in pandemonium. Nothing could be heard from both the press men and the minister for some time as their voice was drowned completely in shoutings.

A group of press men repeatedly asked the minister to resign for which the minister at one time thanked saying it was a good counsel.

The press conference did not serve any purpose because neither the press men could clarify what made them so allergic to the new rules nor the minister could explain them any better than the publication of the government owned newspaper GORKHAPATRA.

Dr. Lohani, though conversant in sophisticated economics, slipped in the field of communications badly in the middle of the press conference when he said

"the new rules will allow you the licence if you stick one rupee note in your application".

"Wrong" "Blunder" said the journalists asking the minister to read the rules he announced and planned to explain. The journalists found the minister not knowledgeable about the points mentioned in the rules.

Journalists heard the minister lie when he said the rules did not seek to make the papers subservient to the government officials. Dual evaluation is what the rules emphasise.

CSO: 4600/400

CONSUMER GOODS ALLEGEDLY DISAPPEAR FROM MARKET; MINISTRY CRITICIZED

Kathmandu THE MOTHERLAND in English 15 Feb 84 pp 1, 4

[Text] The retail shops in Kathmandu have discontinued sale of soya bean oil creating trouble for consumers.

Retailing of the oil--only a litre for one person at a time--had been in force for several weeks following the announcement of limited stock of soyabean oil with the government.

Supplies Minister Pashupati Shumshere Rana who used to talk of steady supply of oil for long does not appear serious about the issue any more.

Maybe Rana has been over-strained by mild-famine hitting the capital these days."

Mobbing of milk booths in a number of places of the capital has already been a routine affair these days though the oil shops have not yet been mobbed by the consumers'.

Weeks after the price of oil seeds fell from 1,200 rupees per quintal to 850 rupees, the government has not been able to lower the price of oil which sells correctly at between 25 and 30 rupees per litre.

The oil currently on sale in the capital is actually the product of the newly priced stock. Businessmen are reaping the benefit by buying the oil seeds at low price and selling the oil at the previous expensive price. Is this not a case of cheating the simple consumers?

But the Supplies Minister does not have time to pay attention to this burning problem. He has asked his ministry not to tell anybody about the price strategy. Because of his order the Supplies Ministry has gone incommunicado at least to the press men.

The recently formed anti-artificial shortage squad of the government has failed to make the people believe that there would be steady supply of goods at fair price. The constitution of the team is just a political propaganda calculated to mislead the people.

[Word indistinct] committees have been formed from time to time and they have exploited the consumers very badly, said an experienced high-price-hit, fixed-income consumer of the local Town Panchayat.

NEW REGULATIONS SAID TO POLARIZE PRESS

Kathmandu THE MOTHERLAND in English 16 Feb 84 pp 1, 4

[Text] The new press and publication regulations published by His Majesty's Government have polarised the Nepali press and exhibited the Communications Minister as a tiro in the field of decision-making and public strategy.

Journalists of Nepal had never before denounced in such a united manner any regulations published in the government gazette. The way the regulations have been criticized by senior journalists of this country and a number of new entrants shows the government move to make the press subservient to bureaucracy is unwise.

Some support coming from journalists in the form of statement run liberally by the government media has made it clear how panicky the Communications Minister has been in justifying his position.

Because of the gravity of situation created by the regulations and unsuccessful interpretation of the same by Dr. Lohani at a press conference, the editors and publishers have not found themselves satisfied by writing in their papers against the regulations. They are thinking to move politically and unitedly.

Looking at the criticism of the regulations in the country, some ministers in the country, some ministers in the Chand ministry are learnt to have dis-associated themselves from the formulation of the regulations. They have publicly said "it is the responsibility of the Communications Minister Dr. Lohani to defend himself."

One politician said "Dr. Lohani who is the 26th Communications Minister under the Panchayat system has projected himself as the most conservative man in the area of press. He has been hypocritical in statement and practice."

None of his predecessors such as Dr. Tulsi Gir, Lali Chand, Kirti Nidhi Bista, Bedananda Jha, Gehendra Bahadur Rajbhandari and Radha Prasad Ghimire who were at one time or another in charge of communications ministry in this country had sought to damage the Nepali press in a contradictory manner advocating press freedom and qualitative journalism on one hand and prompting the press to be the stooge of bureaucrats on the other.

Some say Dr. Lohani will have to present a statement of the sum of money he has expended to buy support for his unpopular move.

LUMBINI PROJECT; SATISFACTION EXPRESSED AT DEVELOPMENT

Kathmandu THE MOTHERLAND in English 5 Mar 84 pp 1, 4

[Text] LUMBINI, March 4: The UN Lumbini Development meeting held today expressed satisfaction at the progress made in the implementation of the first phase work of the Lumbini.

The meeting was presided over by Uday Dey Bhatta who is Nepal's permanent representative to the United Nations and Chairman of the UN Lumbini Development Committee.

The meeting was of the view that implementation of programmes specified in the master plan should be carried out more expeditiously and stressed the need for active involvement of the National Lumbini Development Committee, Buddhists organisations and associations for generating more resources for the project.

The meeting recognised the fact that many things of archaeological significance could be uncovered from the holy garden of Lumbini and expressed the view that cooperation should be sought from UNESCO, Asia Region and other countries interested in the excavation works there.

The meeting also pointed to the need of approaching the 74 branches of the world Buddhist fellowship in 52 countries for fund to execute the Lumbini Plan.

The committee consisting of Thailand, Burma, Sri Lanka, Kampuchea, Pakistan, Indonesia, Laos, India, Bangladesh, Afghanistan, Malaysia, the Republic of Korea, Bhutan and Japan as members, stressed that it would meet frequently at the project site to review works concerning development of Lumbini.

CSO: 4600/442

PEOPLE SAID TO HAVE NO INTEREST IN GOVERNMENT AFFAIRS

Kathmandu THE MOTHERLAND in English 13 Mar 84 p 1

[Text] Ex-Prime Minister Kirtinidhi Bista has said that the one reason for failure of the planned development of Nepal lies in demoralising the administration without reason and justification for serving one's small interest.

Speaking at the National Development Council, Bista said that other reasons for failure of the execution of the development plan were disturbance in the system, rusting of the administrative machinery, loss of the sense of direction and that of self confidence in those dedicated to the service of the nation.

Bista also said that nothing could be done when morality would be sacrificed and added that the degradation of morality was the result of lack of the sense of responsibility.

He pointed out that the people had stopped taking interest in HMG activities and all concerned should take note of it.

CSO: 4600/443



## BRIEFS

RUSH FOR CITIZENSHIP CERTIFICATES REPORTED--CHANDRAGADI, March 14: Nearly five hundred applications have been field since the announcement by the district citizenship committee that those who have not received the citizenship certificate should do so within a month. The committee, headed by a government advocate, needs to be careful, otherwise non-citizens will also be taking advantage of the situation, it is widely felt here. Meanwhile, it has been said that the citizenship committee is facing problems making on the spot verifications owing to insufficient resources and transport facilities. [Text] [Kathmandu THE MOTHERLAND in English 14 Mar 84 p 2]

AUSTRALIA TO OPEN EMBASSY--Australia is to establish Resident Diplomatic Representation in Kathmandu. This was announced by the Australian Minister for Foreign Affairs, Mr. Bill Hayden, Wednesday, according to a press release received here, Wednesday. Australia's High Commissioner in New Delhi will continue to be the Non-Resident Ambassador to Nepal and the new Embassy in Kathmandu will be headed by a Charged Affaires. Nepal has a Non-Resident Ambassador to Australia based in Tokyo in addition to its three Honorary Consuls in Australia. The press release quoted Mr. Hayden as saying that the establishment of an embassy in Kathmandu would enhance the good relations which exist between Australia and Nepal and would enable the Australian Government to provide effective consular service for the growing number of Australian visitors to Nepal. Resident Australian Representation would also facilitate more effective administration of Australia's Dollars 2.6 million aid programme to Nepal. [Text] [Kathmandu THE RISING NEPAL in English 15 Mar 84 p 1]

PLASTICS FACTORY STARTS PRODUCTION--Biratnagar: Pashupati Plastic Industry, established here under Nepal Bank's integrated banking programme, has gone into production. The industry producing mainly plastic utensils is the first of its kind in the Eastern Development Region and the fourth in the country. Established with a working capital of Rs. 5,00,000/- the industry with an installed capacity of producing 500 utensils day produces 300 plastic-wares a day at present. The industry which depends on imported raw materials is learnt to be seeking permission to import such raw materials from oversea countries. According to the sources close to the industry, prices of its products went down twenty percent because of tough competition between its goods and those imported from abroad. [Text] [Kathmandu THE RISING NEPAL in English 4 Mar 84 p 3]

# ADMINISTRATIVE CHANGES BY ZIA SEEN POSSIBLE

Dubayy KHALEEL TIMES in English 7 Mar 84 p 7

[Text]

ISLAMABAD — The shake-up in the top military hierarchy announced by President Zia-ul-Haq on Saturday, followed one day later by first steps towards a cabinet reshuffle, has fuelled speculation here that more political and administrative changes are likely in the coming days.

President Zia appointed General Rahimuddin Khan and General K.M. Arif to the key posts of Chairman of the Joint Chiefs of Staff Committee and Vice Chief of the Army Staff, replacing General Iqbal Khan and General Sawar Khan. On Sunday he dropped three ministers from the cabinet.

Though the President has played his cards close to his chest, leaving little room for political pundits to predict his moves, many expect his latest moves to be followed by a series of other measures corresponding to his pledge for transition to civilian rule by March next year.

While Gen. Iqbal and Gen. Sawar are being tipped for ambassadorial posts, political quarters expect major changes in the cabinet and the set-up in the provinces. Overtures to political parties for adjustments in a future set-up are also not ruled out.

First, President Zia is likely to announce replacements for Gen. Rahim and Gen. Arif in their earlier posts. Gen. Rahim is holding two posts, governor of Baluchistan province and commander of Multan Corps. Unlike him other three military governors in Punjab, Sind and the North-West Frontier Province are without any actual command of a corps though they retain lien with the army as Lieutenants General.

As Chief of Staff to President Zia, Gen. Arif wielded great power and influence and was in the centre stage of almost every major national or foreign policy decision. His new post, Vice Chief of Army Staff, was created by Gen. Zia in 1980 for General Sawar Khan while he himself retained the key army post of Chief of Staff to which he was appointed by the late Premier Z.A. Bhutto in 1976.

Gen. Arif has avoided media glare. But in recent months he was suddenly amidst news receiving wide publicity for something unrelated to his present position—the poems he quietly wrote, whose collection, *Garde Safar* (Journey's dust), was published about two months ago.

Gen. Arif has been promoted over the heads of several senior Generals including the three provincial governors. According to Pakistan army's traditions, senior Generals usually retire if superseded by a junior colleague as happened in 1976 when Mr Bhutto preferred Gen. Zia over some half a dozen senior Generals, who resigned.

Considering that provincial governors without commands do not necessarily come under the Vice Chief of Army Staff, there is a possibility that the present arrangements may continue. But in the event they choose to retire from the army, where they are already on an extended tenure, President Zia may bring some new faces to the provinces.

There is every likelihood that if at all the governors are relieved, other military men will take their place. For in a year which he has declared an election year, President Zia would tighten rather than loosen control. The way student unions were banned a few days back, is sufficient indication

that expectation of any flexibility on the part of the President would be out of step with his current posture.

Some political observers, who expect appointment of civil governors, refer to a report published about a week ago in a Karachi evening paper that Home Minister Mahmood Haroon is being appointed a governor. The report was neither confirmed nor denied by the government.

Those who think that President Zia may well stake for presidency in the next elections consider his latest appointments in the army as a prelude to such a bid. If he chooses that course he will relinquish the office of Chief of Staff and, Gen. Arif is sure to be elevated, they feel.

President Zia, who has also vouched to amend 1973 constitution to increase presidential powers, will also have trusted men in the all-important National Security Council.

There are also reports that the President is sounding political leaders and might shortly initiate dialogue with them, including the main opposition alliance, the Movement for Restoration of Democracy (MRD). According to the Urdu daily Jasarat of Karachi, the current convenor of the MRD, Maulana Shah Mohammad Amrohi, has confirmed that the MRD has been approached by the government.

MRD sources now do not rule out the possibility of negotiations with the government and seem to be adopting flexible position. According to them the MRD is not averse to talks provided President Zia gives the assurance that he would hold elections under the 1973 constitution. In such case there will be room for adjustments and accommodation paving the way for a smooth transition to a representative rule.

CSO: 4600/446

U.S. POLICY IN GULF SUFFERS FROM 'DISGRACE' IN BEIRUT

Karachi AMN in Urdu 24 Feb 84 p 2

[Editorial: "After Being Disgraced in Lebanon"]

[Text] After encountering extreme disgrace in Lebanon for being compelled to withdraw its Marines from Beirut, the United States has now moved its seat of tension to the Arabian Sea, and under the pretense of Iran's threat to close the Strait of Hormuz, it has sent one U.S. war fleet, which also includes an aircraft carrier, the "Midway," to the north of the Arabian Sea. The U.S. administration declares that it is prepared to do anything to keep the flow of oil open. The Western countries receive most of their oil from Iran and the Arab states through the Strait of Hormuz. One oil pipeline which runs from Iraq to Turkey, has been destroyed near the Turkish border. Therefore, the only path now left for getting Iraqi oil to Turkey is the Strait of Hormuz.

The U.S. aircraft carrier "Midway," sent to the north of the Arabian Sea, has been separated from the U.S. Seventh Fleet in the Far East. Business circles believe that the U.S. fleet will now enter the Gulf, and it is possible that it will also try to intervene in the Iran-Iraq war.

On the other hand, the war between Iran and Iraq has intensified. According to Iran, its army is proceeding toward Karbla, while according to President Saddam Hussayn, the decisive war has begun.

At this end, the British prime minister, Mrs Margaret Thatcher has also started an uproar about how the Iran-Iraq war endangers oil supplies. It is possible, therefore, that the British fleet will have to be sent to the East. We are surprised to note that Britain has forgotten so soon about the defeat that it shared with the United States in Lebanon. Mrs Thatcher has refused to assure Parliament that British warships will not join the U.S. fleet in the Gulf. Britain's cooperation with the United States for the purpose of maintaining the flow of oil to the West can prove beneficial to it, too.

The U.S. president, Mr Reagan, has also started making threats to Iran, and he, too, announced that he would use American mobile forces to keep the Strait of Hormuz open. Although threats are being given and preparations for the use of force are complete, after the disgraceful expulsion of NATO armed forces from Lebanon, these threats are no longer as thunderous as before. Iran is

well aware of the fact that the United States is anxious to take revenge for the defeat America suffered at its hands. Along with that, however, recent incidents have also intensified America's suspicion that the people of this region are ready to sacrifice their lives, and neither the United States nor its flatterers can do anything about it.

Over here, the Gulf Cooperative Council has emphasized the fact that the oil-producing states of the region themselves should confront the current situation. Therefore, their military requirements should be fulfilled, but this demand is like a humble voice in a world of big powers, because the Western powers have always kept these states as their dependents. Now that the area is about to be immersed in deep trouble, even if a decision is made to fulfil the demand of these countries, how much can be accomplished in such a brief period?

If you go to the shopping center to buy something, you cannot possibly compel a shopkeeper to sell his goods to you alone, nor can you persuade him to keep only the money received from the sale of an item to you. Clearly, your demand will be considered against the accepted principles of trade. With regard to oil, however, the United States is doing exactly the same thing with the Middle East countries. The Arab states are only nominally independent; they do not enjoy the freedom to sell their oil output to any country in the world that offers them a better price. These countries have been forced to sell their oil only to America and its Western allies. In this regard, the Western powers do not even refrain from bullying, cheating, terrorizing and using force.

The oil-producing states should now contemplate what is in their interest. Are they compelled to be economic slaves of the United States? Furthermore, isn't it time to change the existing situation?

The Pakistanis, too, should ponder the fact that their own country is also situated at the shore of the sea into which the United States has despatched its war fleet to spread terrorism.

9779

CSO: 4656/105

## PAKISTAN

### U.S. FIRMS AGREE TO INVEST IN PAKISTAN

Islamabad THE MUSLIM in English 11 Mar 84 p 8

[Text] ISLAMABAD, March 10: Various U.S. firms have agreed to collaborate with the Pakistani entrepreneurs to undertake projects exceeding dollars 152.8 million in order to accelerate the pace of development of the country.

According to a news release of the United States Information Service the projects when started will create job opportunities for over 1300 workers. The successful negotiations were the outcome of the U.S. Overseas Private Investment Corporation's (OPIC) Mission's visit to Pakistan, made during April, 1983.

Pakistan Government has approved a phosphate fertilizer project, resulted after negotiations by Agrico Chemical Company of Tulsa, Oklahoma and its counterparts in Pakistan. A joint venture, worth dollars 150 to 200 million will save substantial foreign exchange besides offering 300 to 400 jobs, when completed.

Similarly, the agro Associates of West Hartford, Connecticut following the OPIC Mission has installed machinery for a new hatchery near Karachi with a capacity of 100,000 chicks per week. In addition Arbor Acres will establish another poultry feed project worth dollars 1.5 million near Lahore. The project will facilitate the farmers, spread over Mansera, and cotton growing areas between Multan and Sukkur for growing areas between Multan and Sukkur for growing hybrid soybeans besides providing jobs to over 40 people in the feed mill.

Brink's Incorporated of Darien, Connecticut, expects to have its armoured car service for secure transportation of valuables by early in 1984. Similarly the Pakistan Government has approved another project worth dollars 15 million for hybrid seed research and production to be carried out by the Cargill Inc of Minneapolis, Minnesota. The project will eventually include oilseed crushing and separation into high quality meal and crude vegetable oil, animal feed production, vegetable oil refining and hybrid poultry breeding.

Another dollars 10 million project, was submitted to the government by the Chronar Corporation of Princeton, New Jersey for providing photovoltaic panels which will be used to generate electric power directly from the sunlight in

order to operate water pumps, recharge batteries and variety of other applications, requiring small scale electrical power. To be completed in 1985 the project will employ over 100 workers.

Gulf Investments Inc of Washington will collaborate to establish Islamabad Hilton Hotel, requiring an investment of dollars 39 million. The project on completion will create 275 new jobs. Similarly, Impex Corporation of Redlands, California will collaborate in the construction of a 300-room hotel near Karachi Airport at an investment of dollars 12 million.

International Telephone and Telegraph Company of New York was interested to establish a digital equipment factory, representing an investment of dollars 15 million, which will ensure jobs for 250 skilled and semi-skilled workers, when completed.--APP

CSO: 4600/446

# ECONOMIC PROSPECTS FOR 1984 DISCUSSED

Karachi ECONOMIC REVIEW IN English Feb 84 pp 33-42

[Text] Sixth Five Year Plan

The Sixth Five Year Plan appears to have a bad start. The swing towards the private sector has been halted. From a mere 9 per cent the share of public sector in industry has been raised to 15 per cent. The ratio of private investment in industry has declined from 91 per cent to 85 per cent. The very first Annual Development plan of Sixth Five Year Plan has been threatened by a resource shortfall. Roughly the budget makers estimated external resource inflow of Rs. 17 billion and domestic generation of Rs. 14 billion to back the first year of the Plan. In external flows one major setback has been the non-materialisation of structural adjustment loan from the World Bank. Since it was a balance of payment support credit it helped to generate rupee resources. Another easy credit unavailed was the last instalment of IMF Extended Fund Facility withheld for policy reasons. The disbursement of foreign aid has also been slower than anticipated affecting the overall resource availability.

According to Dr. Haq the roles to be performed by the private sector and public sector would be as follows:--

- A new sanctioning procedure to facilitate the task of entrepreneurs;
- Clear indication of financial resources for the private sector, covering both new credit policy and roles of the stock exchange and investment companies;
- A policy framework for foreign investment and joint ventures. This will be clearly laid down to attract investment in manufacturing and not in mere assembling policy parameters for foreign equity, royalty arrangements as well as suppliers credit will also be prescribed;
- Indicative infra-structure budgeting to back up industrial investments;
- New policy for indigenisation to link incentives and protection to the percentage of indigenisation achieved.



--Regional location policy to encourage private investment in those areas which had received little private investment like the province of NWFP.

#### Gross National Product

Dr. Mahbubul Haq admitted that growth target for 1983-84 would not be achieved. The actual performance would be 4.5 to 5 per cent. This would be lower than the growth rate already achieved last year. The main cause would be the erratic behaviour of the agriculture sector. The Gross Domestic Product (GDP) stood at Rs. 329.80 billion in 1982-83 if increased at a current rate of inflation and real growth rate the GDP should be at the level of Rs. 377.0 billion in 1983-84.

#### Agriculture

Agriculture production is being threatened severely. Cotton production is 40 per cent short of the targeted 5.2 million bales. The rice crop in the Punjab has been damaged to the extent of about 20 per cent by deadly stemborer insects. Another principal crop is also affected that is sugar cane. According to Pakistan Sugar Mills Association the expected shortfall was due to two factors (i) low recovery of sugar due to late rains in Sind and Punjab in 1983 and (ii) Pyrilla attack in NWFP. Continued drought in NWFP has adversely affected tobacco nurseries, 90 per cent of which have already been laid. The continued drought in barani areas has created doubts whether the wheat output target will be achieved.

Moreover, experts believe that if rains came now, they will be more harmful for crops in the irrigated areas where the crops begin to ripen around March/April and heavy downpour can cause serious damage to them. The scarcity of rain has also created shortage of water in the main reservoirs in all major dams. This has led to reduction in the generation capacity ultimately causing load shedding of power. The likely production targets of form major crops would be as follows:

Contribution of agriculture to GDP is declining and came down to 29.7 per cent in 1982-83 from 32.1 per cent in 1977-78. The trend is likely to be maintained in the year 1983-84. The Government has evolved a five point strategy to help improve the lot of the small farmers during the Sixth Five Year Plan period. The strategy includes provision of liberal agricultural credit, making available to them small tractors of 20 to 30 horsepower, expansion of rural services like farm to market roads and village electrification, establishment of small agro industries and a special programme for Barani areas. The Government has allocated a record amount of Rs. 9.0 billion for disbursement among the farmers and introduced a new and simplified loan distribution system.

#### Industrial Production

The share of manufacturing sector is increasing in the GDP. It was 15.2 per cent in 1979-80 increased to 17.5 per cent in 1982-83. The trend would be maintained in the year 1983-84.

During the fiscal year ending June 30, 1983 industrial output increased by 8.7 per cent as compared to 13.7 per cent in the preceding year. There were production gains in the output of cement, fertilizers, mild steel products, cotton yarn, jute goods safety matches while production declined in case of refined sugar, cigarettes, cotton cloth vegetable ghee, chemicals, paper board and chip board and cycle rubber tyres and tubes. The output of fertilizers rose sharply by 32.1 per cent to 2.578 million metric tonnes during 1982-83 due mainly to improved utilization of newly installed capacity. Production of urea super phosphate, ammonium nitrate and nitro-phosphate rose by 50.4 per cent 1.6 per cent, 5.5 per cent and 10.7 per cent while that of ammonium nitrate declined by 34.9 per cent. Output of cement increased by 7.9 per cent to 3,937 million tonnes mainly on account of expansion in capacity. Cement production would go up to 8.0 million tonnes by the end of Sixth Five Year Plan. During the Sixth Plan period, the sugar industry is expected to acquire the complexion of export industry. To encourage industrial production a number of policy measures were taken by the Government during 1982-83. The major steps taken during the year included adjustments in customs, excise and sales taxes. Besides, a deregulation committee was set up to suggest measures to remove controls and regulations which were impeding industrial growth. Major physical targets in the manufacturing sector would be as given in the table.

#### Targets and Likely Agricultural Production

	<u>Production in 1983</u>	<u>Target 1983-84</u>	<u>Likely Production in 1984</u>
Wheat	12.40	13.20	12.30
Cotton	4.84	5.20	2.90
Sugar Cane	33.00	35.01	35.00
Rice	3.47	3.56	3.21

The load shedding has started in the province of Punjab and the NWFP will continue until May 1984. This year the gas shortage will be graver than the last year. The cement and sugar industries would not be affected this year as they have oil and bagasse as energy resource. The fertilizer industries are provided with adequate quantity of gas.

More significant than the quantity growth in industry was the deepening of the industrial base as a result of solid gains of basic and sophisticated industries. From the just completed hot strip mill in the Karachi Steel Complex to the heavy foundry and forging capacity, to the heavy machinery complex and from these to the increasing indigenisation of the production of various types of equipment strong foundations were laid for the entry of Pakistan in the world as a modern industrial nation.

## Major Targets and Likely Production in 1984

	<u>Target 1982-83</u>	<u>Production @ 1982-83</u>	<u>Likely Target* 1983-84</u>
Sugar (000) tonnes)	1300	1,129.0	1,200
Vegetable Ghee (000 tonnes)	600	522.0	600
Cigarettes (billion Nos)	41	40.7	41
Cotton Yarn (million Kgs.)	430	458.3	500
Cotton Cloth (million Sq. metres)	2204	2,577.9	2,850
Fertilizers (000 tonnes)	350	319.8	350
Cement (000 tonnes)	4250	3,937.0	4,500
Mild Steel Products (000 tonnes)	630	502.0	630
Soda Ash	125	94.0	125
Caustic Soda	47	41.0	47

\*Estimated

@State Bank Annual Report 1982-83

### Investment

The long awaited Industrial Investment schedule has been further delayed and will now be out in April. According to Dr. Haq the Schedule would be in the range of Rs. 90 to \$100 billion and would be in three phases. First part contains the statement of guiding principles. Second part contains an action plan to realise private investment by providing necessary foreign exchange budget and other facilities. Third part is the longest part and contains sector by sector analysis of each industry, present capacity of what is the sanction issued and the annual implementation and what will be the investment requirements in the balance of the period. The Government is not yet clear on major policy issues like the new labour policy, deregulation of the economy and de-control of bureaucratic hold over the industries. The influential bureaucrats feel that they can do better in realising the targets of the Sixth Five Year Plan.

Gross total investment at current prices in 1982-83 increased by 15.1 per cent to Rs. 62 billion. The ratio of gross total investment to GNP remained unchanged at the preceding year level of 15.4 per cent. Private sector investment showed a rise of 17.6 per cent as compared to 11.0 per cent in the preceding year. Public sector investment registered a smaller increase of 12.2 per cent as against 16.3 per cent in the previous year.

The World Bank has agreed to give around Rs. 4.50 billion to Pakistan for its industrial development programme during the current calendar year. In this connection a sum of Rs. 780 million has already been released for the small and medium size industries to be set up under the loan of International Development Agency. Allocations approved for big industrial units and agro-based industries would be transferred soon to Pakistan's accounts. For this Rs. 1300 million and Rs. 2600 million have been allocated respectively. The Government has sanctioned a number of new projects.

#### New Projects

A big construction project is due to be finalised by ECNEC shortly. This related to Karachi Nowshera additional carriageway having a cost of Rs. 8.0 billion. There are three short listed consortiums for the full job. DMN International is the lowest bidder with a quotation of Rs. 7.935 billion as against Rs. 8.771 billion of Adamjee-Italian. Korean Group and Rs. 9.658 million of the Indus Highway Consortium. Work on the highway will be completed in six years including one year for mobilisation of resources.

**Kalabagh Powder Project:** This project will cost \$3.70 billion at current prices. The tenders for the project are expected to be invited by 1986 and its first phase is planned to be ready by 1993.

**Morris Ital Car:** Approval has been given to this project recently. The project would be set up near Sheikhpura at a cost of Rs. 400 million. The plant will be supplied by British Leyland who will also take 15 per cent equity in the capital. The plant will be completed in 15 months and is expected to produce 3,000 cars in the first year.

**HINO Truck Joint Venture:** This project will be set up at a cost of Rs. 455.11 million including foreign exchange cost of Rs. 220.64 million. It is a joint venture between Hino of Japan Al-Futtaim of UAE and Pakistan Automobile Corp. The production would be 2000 units in the initial period.

#### Inflation

It is feared that the deficit financing may swell to unprecedented level in view of rapidly rising development expenditure accompanied by decline in customs duties due to fall in production and exports of primary commodities. The price situation is fast deteriorating. The sensitive price index in the first half of the current fiscal shows a rise of 9.1 percent as compared to 2.5 per cent for the corresponding period of the last year. It is believed that the inflation rate is already in the double digits. The deficit financing has already exceeded the prescribed ceiling of Rs. 4220 million to Rs. 4429 million. According to the amended credit plan for 1983-84, the ceiling of monetary expansion has been fixed at Rs. 17,700-Rs. 15,500 million for domestic credit expansion and Rs. 2,200 million on account of net foreign assets. It may be recalled that during 1982-83, there was a sharp rise in the rate of monetary and credit expansion that is now one of the important factors for rapidly rising pace of inflation. The monetary assets rose by 26.3 per cent, officially attributed to increase of Rs. 10 billion in net foreign assets.

Domestic credit expansion was to the tune 16.5 per cent. The Government's borrowings from budgetary support rose by 10.4 per cent to Rs. 5.5 billion and its borrowings for commodity operations by nearly 29 per cent to Rs. 3.6 billion.

Economic Forecast 1984					
	(Rs. in billion)				
	1979-80	1980-81	1981-82	1982-83	1983-84
GDP at current factor cost (Rs. billion)	212.58	249.34	292.13	329.80	377.00
Real GDP % change from previous year	+ 7.30	+ 6.10	+ 5.60	+ 5.80	4.50
Inflation %	10.4	13.9	10.60	8.00	20.00
Agricultural Production index all crops	239.00	249.00	256.00	269.00	264.38
Industrial Production Index	148.90	165.30	188.50	204.35	200.00
Consumer Price Index	311.83	355.02	395.99	416.47	457.00
Exports (Value in million US \$)	2,364.70	2,957.50	2,489.00	2,710.60	2,800.00
Imports (Value in million US \$)	4,740.30	5,408.50	5,635.70	5,363.60	6,076.00
Home Remittances (Rs. million)	18,284.00	22,761.00	25,349.00	35,412.00	36,000.00
Gold & Foreign Exchange Reserves (Rs. billion)	19,992.00	18,472.00	17,477.00	35,952.00	35,000.00
Population (in million)	80.23	82.60	85.00	88.20	89.75
Rate of Exchange (Rs. per US \$)	9.90	9.90	12.20	13.18	14.00
GDP per capita (Rs.)	2,649.00	3,018.00	3,725.00	4,176.00	4,180.00

\* Estimated

Source: Pakistan Economic Survey, State Bank Annual Reports.

The Government pushed up the prices of gas and oil on January 9, 1983 at a time when world oil prices were tumbling. Railway fares were increased on March 1, 1983. Atta prices were increased on June 2. On March 31, 1983 the sugar price was increased by 0.75 paise per kg under the cover of derationing of sugar. There was a sudden spurt in the prices of onion in November. During this period the Government decided to increase the prices of vegetable ghee by Rs. 2.80 per kg or 30 per cent. A new machinery with effective legal powers is being planned to implement rice control measures by Federal Government. The Government has also decided to enlarge the scope of the provincial price control boards. The National Economic Council in its meeting on February 8, 1984 examined a number of measures to control prices through fiscal policies because the Government has been coming under considerable criticism for having evolved no sound economic approach towards the insane price spiral.

Tea prices were increased by 15 per cent in this month. Earlier, the tea companies were allowed to raise their prices by 12 per cent in August and 15 per cent in October last year. The Government refused to adjust the fluctuation of prices in the import prices and decided to pass the raise in prices to the consumers by allowing the tea companies to increase the prices.

The State Bank Governor's statement that inflation rate in the first four months of 1983-84 was 8.6 per cent was challenged by many independent observers. They contended that it was not lower than 10 per cent and if the present price push continued it might well touch 20 per cent.

### Foreign Trade

Cotton was number one at \$306.7 million in the foreign exchange earnings. Rice was number two in export at \$289.9 million in 1982-83. Tobacco was also making significant contribution to the export and it was the ninth largest export of Pakistan at \$34.8 million. All these crops have now been affected and therefore exchange earnings are likely to decline in the year 1983-84. Pakistan has surplus stock of sugar. But Pakistan Sugar Mills Association has suggested that the Government should delay the decision on exports of sugar till February. For the first time in recent years, the monthly figure for December 1983 has recorded a 10 per cent drop over the corresponding figure in December 1982. This also good nine per cent lower than the figure in the preceding month of November. For the five years of the Fifth Plan, exports registered an increase of 165 per cent in terms of rupees and 105 per cent in terms of rupees and 105 per cent in terms of dollars. This rising trend was continuing during the current financial year as rupee value of exports during July-November, 1983, recorded about 40 per cent increase over the corresponding period of last year; and 31 per cent in terms of dollar. A happy development was the performance of non-traditional and manufactured exports. Over the year, the composition of exports had changed and the share of manufactures in total exports had increased from 42 per cent in 1976-77 to over 57 per cent in 1982-83.

Total imports in 1982-83 stood at Rs. 68,593 million showing a 15.3 per cent rise over 59,481 million for the previous year. It is estimated that imports in 1983-84 will increase at a nominal rate of 12 per cent. While the delinking and enhancement in tariff rates kept the import bill from shooting up steeply in response to liberalisation of import policy for two successive years, in the third year the drop in world oil prices helped to hold the bill within the Rs. 70 billion mark.

### Home Remittance

Economic slow-down in the Oil-rich Gulf region from where 90 per cent of remittances emanate is seriously affecting job opportunities for Pakistan. During 1982-83 of the total remittances of \$2885 million over \$24000 million came from the Middle East region. \$161 million from UK and \$133 million from the USA. National Savings rate may be adversely affected to overall growth if home remittances of 30 per cent estimated last year, slackens or peters out.

For the first time in recent years, the monthly figure in December 1983 recorded a 10 per cent drop over the corresponding figure in the preceding month of November. Experts are now probing whether it is a temporary phenomenon or a beginning of a long term reversal of the earlier trend.

## Foreign Aid

Pakistan is hoping to fill dollar 10 billion gap in the Plan's external resources from diverse sources. While possible inflow from Western countries and Soviet Union has already been tentatively probed, likely assistance from the capital surplus Middle Eastern countries still remains to be determined. According to one official estimate, Pakistan should be able to raise at least two billion dollars from non-Western sources, both socialist countries and the Islamic group. Muslim countries will particularly be sounded for providing some assistance for the Chashma Nuclear Power Plant--a key project of the Sixth Five-Year Plan. They may also be asked to join in the proposed special fund to be set up for Kalabagh Dam Project estimated to cost nearly \$4 billion. Going by the experience of the last decade, it should be possible to raise at least one billion dollars from the Gulf countries. Pakistan was able to mobilise more than one billion dollar worth of capital support in one form or another over the past six or seven years.

## Stock Market

The stock market opened the new year account on a promising note. There had been a steady rise in general index which starting from 185.35 at the end of June touched the peak at 222.36 on January 19, 1984. This shows an impressive gain of 37.01 million in seven months only. The market value of shares also registered handsome gain of 1,692.8 million to reach at Rs. 15,888.9 million on January 19, 1984. The overall sensitive price index stood at 268, while the index of the turnover of shares jumped to 332.5 because of the incredibly fast turnover which set a record of over 1.1 million shares on 8th August 1983.

## Watch List

--Two new corporations in the public sectors are now in the offing. One is T&T Corporation and the other is Edible Oil Corporation T&T is said to be the only department which gives Rs. one billion yearly profit to the Government.

--The three gas companies, Sui Northern Gas, and Indus Gas may be merged. The merger of the three companies, according to Federal Minister of Petroleum and Natural Resources, would ensure best utilisation of gas, enhanced profitability and improved employees working conditions.

## Balance of Payments Outlook

The balance of payments of Pakistan which has been indicating growing signs of pressure especially since 1978-79, registered notable improvement during the year 1982-83. Against an adverse international setting, characterized by recession and mounting policies of protectionism, the relaxation of pressure on the country's balance of payments position was regarded to be a significant achievement. The current account deficit declined to \$433 million during 1982-83 as compared to \$1.5 billion in 1981-82.

**Selected Upcoming Projects in the Public Sector**

Name of the Project	Total cost in million Rs.	Foreign Exchange component	Date of completion	Financing Agencies	R e m a r k s
Pirkoh Integration Project	340.00	238.00	Dec. 1984	ADB	Tenders are expected to be invited in 1986.
Kalabagh Dam Project	\$ 3,700.00	—	1993	—	Resources to be mobilised through World Bank.
Thermal Power Unit at Pipri	2,970.00	850.00	Oct. 1984	—	The plant would operate on furnace oil, the first phase of this plant has been already commissioned in 1983
Lube Expansion Project	1,950.00	962.00	June, 1984	Romania	Will produce 100,000 tonnes of lubricant and 120,000 tonnes of asphalt
South Rohri Fresh Ground Water Irrigation Project	935.00	370	1985	IFAD	—
Tele Communication Project	\$ 236.00	\$ 135.00	Dec. 1986	ADB-IBRD	Executing agency T&T Department
Right Bank Canal Project Chashma	3,477.00	503.00	1988-89	World Bank	570,000 acres of land will be irrigated at D.I. Khan & D.G. Khan.
Baluchistan Fisheries Development Project	563.10	370.50	—	—	Fish harbour would be developed at Pasni
Nayadaur Foundry Hub Chawki	118.00	70.00	1986	GKN & PACO	Advance stage of completion
Gas Purification and Compression Plant	\$ 30.4	\$ 19.3	Dec. 1985	ADB	Executing Agency SGTC
Saindak Copper Project Baluchistan	\$ 400.00	\$ 240.00	—	Canada & Romania	Foreign exchange resources to be mobilised
Hydrocracker Project	3,718.00	1,511.00	1986-87	Islamic Dev. Bank & World Bank	Share capital of Rs. 100 million, to be contributed by Islamic Dev. Bank 15% general public 15% remaining 70% financing institutions & PERAC.
Pakistan Railway Locomotive Factory, Risalpur	1,500.00	500.00	1985-86	Japan	Will manufacture 25 engines a year on single shift basis.
Newsprint Project	1,600.00	935.00	1986-87	—	Punjab Industrial Development Board project.
Sind Dairy Project	62.00	25.00	Sep. 1984	ADB	Consists of three plants having capacity of 144,000 litres of milk per day.
PVC Resins Complex	800.00	325.00	—	FCCCL Project	—
Hino Trucks Project	455.00	220.00	—	Al-Futtiam UAE	6030 chassis and 1200 bus bodies per annum
Karachi-Nowshera additional Carriageway Project	8,000.00	—	1990	—	Bids are being considered by National Highway Board—Islamabad. The bidders will provide financing also.
Pak Gulf Fertilizer Project	\$ 180.00	\$ 92.00	1987	Al-Ghurair Group of companies UAE	Plant will manufacture DAP Fertilizer 330,000 tonnes a year.
Tyres & Tubes Project Haripur	560.00	225.00	—	Pak-Libya Holding Pak-Kuwait Investment Islamic Dev. Bank	700,000 sets per annum
Seamless Pipes Project Lahore	166.00	90.00	—	Steel Mill Down Stream Project	30,000 tonnes of pipes per annum

The emergence of this healthy trend in the balance of payments could be attributed to a variety of factors: the depreciation of Pak currency viz. dollar resulted in declining the deficit on the merchandise accounts, especially due to a rise of 13.3% in exports and a fall of 4.1% in imports. Besides, the flow of home remittances which rose by 29.4% during 1982-83 as compared with the rise of only 6.01% in the preceding year, provided much needed cushion to the balance of payments.



**Selected Upcoming Projects in Private Sector**

Name of Project	Total Cost	Foreign Exchange component	Date of completion	Financing Agency	Remarks
Moris Ital Car Project Lahore	400.00	190	1985	British Leyland Joint Venture	Will manufacture 3000 cars in the first year.
Fauji Fertilizer Project Sadiqabad	\$ 80.00	---	1986	---	330,000 tonnes DAP fertilizers per annum.
Gelantine Capsule Project Hub Chowki	100.00	65.00	---	---	Will produce 1200 million capsules per annum
Bela Caustic Soda Project	550.00	300.00	July 1985	Grindlays Bank	15,000 tonnes of casutic soda 16,500 tonnes bleaching powder, 7000 tonnes chlorine gas.
Sind Cement Plant Ltd Larkana	225.31	156.08	---	Banker's Equity Pak-Libya & Pak-Kuwait	90,000 tonnes of cement per annum
Pan-Islamic Fertilizer Complex Rahimyar Khan	3,384.00	2,012.00	1985	---	The plant would produce 118,000 tonnes PF and 399,000 tonnes Urea
Al-Noor Fertilizer Project Thatta	2,135.00	973.00	---	Banker's Equity Ltd. and other financial institutions	330,000 tonnes DAP Fertilizers - Technical collaboration with Agrico of U.S.A.

The current trends prevailing in our economy appear to be unfavourable and call for some very bold and imaginative policy measures to offset them. The export of cotton which used to be number one foreign exchange-earning item, has been banned. On the contrary, import of cotton in large quantity would be made to cater to the requirements of textile industry. The extreme shortage of Onion and its resultant imports would also affect the balance of trade. The relative unsatisfactory performance of agriculture sector should be compensated by the exportable surpluses in the industrial sector through a deliberate policy. However, in the wake of policies of protectionism, being persistently adopted by the industrial countries, the chances of augmenting export of value-added items during the current year do not appear to be very bright.

The invisible earnings through banks, insurance, shipping and tourism etc. continues to be stagnant over a long time. At the same time, the existing pace of inflow of home remittances cannot be ensured since the petro-dollar boom in the Middle East and Gulf countries is receding and the Pakistani workers have started coming back. Therefore, some more revolutionary and dynamic policies will be needed to prevent the balance of payments position from being unmanageable during the year 1983-84.

CSO: 4600/446

WALI CRITICIZES MARTIAL LAW FOR CHANGING 'TREND OF POLITICS'

Islamabad THE MUSLIM in English 11 Mar 84 pp 1, 8

[Article by Murtaza Malik]

[Text] PESHAWAR, March 10: Leader of the defunct NDP Abdul Wali Khan has said that as a result of the unnecessarily prolonged Martial Law the priorities that changed and instead of talking about elections and democracy people had now started about complete provincial autonomy and even confederation.

In his first Press interview shortly after his release from six-month long detention at his Wali Bagh residence, he said the state of affairs as it prevailed in the country today had changed the direction of politics from national to provincial wherein the parties had lost their identity and the issues were now being pursued in the name of the people of one province or the other. This, he remarked, was the obvious outcome of the growing sense of deprivation whether it was in Baluchistan or somewhere else. He said that he had always been trying to emphasise that if democratic and constitutional courses were blocked, the people would naturally resort to undemocratic and illegal methods and the country had the taste of it in Sind. It was pity, he added that the Government had the tendency of listening only to "all well" advice and keeping its eyes shut to the realities.

The NDP leader said that instead of getting back to the track, the Government still thought that it could tackle the situation by retiring some of generals or replacing some ministers which in fact was adding to the confusion and uncertainty as the credibility gap had increased in recent years. The Government, he said, had no mandate to make any fundamental changes through Zafar Ahmed Ansari or anybody else of his type in the constitution and all this exercise he believed was being done in a bid to escape the elections and efforts were afoot to get a house of selected people. For that purpose, he observed, the Ministers had already started the 'election campaign'. The political parties in the name of Islam he estimated would not be allowed to participate in any type of elections or selections as that did not suit the Americans as it was only under what he described a stable Martial Law or its selectees that a situation could be conducive to the furtherance of United States objectives. Pakistans' exposure and involvement in International politics, he said, was very dangerous, particularly when viewed in the

context of American policy to use Pakistan for take-off points for U.S. bombers or as decoys on which the Soviet hardware would be wasted.

Khan Wali Khan also expressed his deep concern over the involvement of the Afghan refugees in the internal politics of Pakistan and said that one of the defunct political parties had been given a blank cheque to hold joint 'jehad conferences' with the refugees and share their arms. This, he feared, had opened the door for others to seek help from their friends. Along the western borders, he added, the most sophisticated weapons were being sold like carrots. The joint meetings, he remarked, were not for the sake of any jehad but to drag the refugees into active politics in Pakistan.

Replying to a question, he said, that it was nothing more than wishful thinking that the MRD movement had failed. Coming out against Martial Law itself, he said, was a big success. The movement might have been suppressed for the time being but it had not died out.

Khan Wali Khan said that the poor and simple people of Pakistan were being duped to such an extent in the name of Islam that while some of the individuals and parties had the privilege to hold and address public meetings the others had been denied the same. That, he said, was against the spirit of Islam which laid emphasis on equality.

Asked about the progress of his book on politics in the Sub-Continent since the First Afghan War, he said that it had been completed upto Yahya Khan's era.

CSO: 4600/446

LEADER BLAMES PARTY FOR CREATING DISUNITY AMONG MUJAHIDIN

Islamabad THE MUSLIM in English 11 Mar 84 p 6

[Text] QUETTA, March 10: Prof. Sabghatullah Mujaddadi, Chairman Itihad-e-Islami Mujahideen, Afghanistan, has accused a Pakistani political party of creating disunity among the different factions of Mujahideen who are waging a liberation war against the Soviet aggression in Afghanistan. He said that besides this party, the Ikhwan-e-Muslemeen of Arab countries had also a discriminatory attitude towards his group. He was addressing a Press conference here on Friday.

Prof. Mujaddadi, said ex-King Zahir Shah was approached for the greater unity among the people of Afghanistan to launch a joint movement against the aggression of a Super Power. However, he said, efforts were continued to achieve this objective "as ex-King Zahir Shah holds support of the 80 per cent the population of Afghanistan, and our Shooora has agreed to bring back Zahir Shah in our ranks, because we and the people of Afghanistan regard him as the symbol of unity."

To a question he said that despite differences among the Mujahideen, they hold almost 80 per cent of the country; even, in some cases, cities were controlled by the Mujahideen. He said, Karmal and Russian forces were killing people indiscriminately.

Referring to the Geneva talks for the solution of Afghanistan issue Prof. Sabghat Ullah said, "We honour the efforts being made by the Government of Pakistan but, we believe that no solution could be arrived at without the representation of the Afghan Mujahideen."

CSO: 4600/446

BAN ON STUDENT UNIONS SEEN LACKING JUSTIFICATION

Karachi AMN in Urdu 27 Feb 84 p 2

[Column by Juna Khan: "Student Unions Have Not Been Banned Because of General Elections"]

[Excerpts] MASHRIQ, a newspaper of the National Press Trust, in an editorial under the heading of "Justification for Banning the Student Organizations," has written that under circumstances in which the administration, in order to have peaceful elections, gives preference to non-party elections and also indicates the possibility of continuing to ban political activities during the elections, it is impossible to grant freedom to the student unions. According to this newspaper, the administration hopes that at least once elections will be held without any bloodshed in the country, so that a precedent of peaceful transfer of power is set. It is essential, therefore, that the elections be held on non-party basis and that political activities during this period also be banned. It is clear, therefore, that under such circumstances, during an election year, students, too, cannot be granted freedom for political activities. In view of this precautionary measure, the administration has imposed a restriction on student unions at a most appropriate time.

Such thinking by MASHRIQ cannot satisfy the students' brotherhood or any other person, since it lacks justification and logic.

The elections to be held by the current administration are not the first of their kind in this country. We have had elections in the past as well, and even during the reign of the current regime there have been two municipal elections. Whenever elections are held in any other country like Pakistan, small riots and disturbances always take place. There was bloodshed in the past, too, and during the municipal elections as well some lives were lost due to skirmishes between the supporters of certain candidates in a few areas. Ayub Khan held elections and so did General Yahyah and the late Bhutto. General Zia, too, has twice held municipal elections. Was there never any loss of life during these elections?

Restrictions have been imposed during elections in India, but there, too, some lives have always been lost on the occasion of every election, and election disputes are common. Elections have been held in Bangladesh, too; are there no election riots there? During the recent municipal elections more than a dozen deaths occurred and hundreds of people were wounded.

The two municipal elections in our country were held on non-party bases, but despite this, some candidates and their campaign workers suffered loss of life, for which formal complaints were filed. Were there any cases that involved students, too? Undoubtedly, various student organizations were connected with numerous defunct political parties. Nevertheless, in the past, they were never used for spreading election riots, and they were not used for killing and destruction during the general elections. Therefore, the argument that the student unions are declared illegal because of the elections is inconceivable.

Another thing is that the defunct political parties have not only established student organizations but also organized labor unions. They worked with farmers, journalists and women as well. If it is necessary to ban the student unions merely because of their political connection, why have the organizations of farmers, journalists, laborers and women been given freedom? Just a few days ago, the federal minister of labor, Mr Ghulam Dastgir, announced that there will be no restrictions imposed on labor unions, even though everyone knows that many labor federations are linked with the defunct Jamaat-e Islami. Railway employees recently threatened to go on strike. The authorities, however, through negotiations, reached a settlement with them on their demands. If the administration investigates, it will come to the conclusion that the students have not influenced the general elections as much as the workers. In the past, however, no administration has ever declared the student or labor organizations unlawful merely for the sake of holding peaceful elections.

9779

CSO: 4656/105

## BRIEFS

NASRULLAH PESSIMISTIC ABOUT RELEASE--MULTAN, March 10: Nawabzada Nasrullah Khan, chief of the defunct Pakistan Democratic Party, is not hopeful about his release in the near future, as he refused to join a rightist alliance being formed under the auspices of the government. Sources closed to the Nawabzada told 'The Muslim' that an alliance of Jamaat-Islami, Jamiat Ulema-i-Islam (Darkhwasti Group) Jamiat al-Ahle Hadith Pakistan and Pakistan Muslim League (Pagara Group) was being formed which is expected to come into being at the end of March. The sources said the Nawabzada has been watching the cricket match and other television programmes regularly. He spends his day with his sons discussing horticulturing and taking steps to boost agricultural production, the only source of income of his family. The Nawabzada had applied for a bio-gas plant, and an officer of the concerned department visited the site and assured him that the plant would be completed shortly. [Text] [Islamabad THE MUSLIM in English 11 Mar 84 p 8]

CSO: 4600/446

## SEPARATIST EXTREMISTS SURRENDER FOLLOWING MYSTERY KILLINGS

Dubayy KHALEEL TIMES in English 13 Mar 84 p 20

[Text]

COLOMBO—Tamil separatist extremists in northern Sri Lanka are surrendering to police and security forces following a spate of mystery killings in the past two weeks in which ten young men with extremist records were found shot dead.

It is not clear who was doing the killing. Some notes left near the corpses called them "anti-social elements or traitors."

Police investigating the killings are working on a number of theories with no convincing evidence to back any one of them. But unofficial sources said that the active Tiger Tamil extremist movement was responsible for the killings, bumping off informants and persons robbing or extorting money using the movement's name. A note believed to have been left by the Tiger movement near a corpse said that it had compiled a list of 70 people to be liquidated.

With 10 killed so far several young men have surrendered to the authorities fearing that their names are on the death list. This has given security forces a breakthrough as many of those surrendering are making statements, which has resulted in the arrest of a number of Tiger leaders.

Meanwhile, an all-party conference reconvenes here today in an effort to find a political solution to the ethnic problems of the Tamil minority community.

The conference, to be presided over by President Junius Jayewardene, is being attended by most of Sri Lanka's

major political parties, religious organisations and ethnic representatives.

The Freedom Party, the largest opposition party led by former prime minister Sirima Bandaranaike, has been boycotting the talks after attending its first few sessions. It says no useful purpose would be served by the conference.

At the time of the adjournment of the last session, trade and Shipping Minister Lalith Athulathmudali, who was the external spokesman, had expressed the hope that its work would be completed by this month-end, add agencies.

Tamil United Liberation Front Secretary-General A. Amirthalingam also expressed the same feeling, indicating that proposals for resolving the ethnic issue were likely to be presented.

Mr Amirthalingam said there was a general awareness among the delegations attending the conference that events in the north and east might overtake the country if there was any further delay in arriving at a settlement.

The conference was adjourned on February 22 so that delegations could hold informal talks on the various proposals.

The conference will also discuss a 25-page document presented by the Ceylon Workers' Congress, reflecting Tamil interests, a 10-page document on proposals for a system of decentralised government from the ruling United National Party and a proposal for delegation of powers to a development council, presented by the Mahasangha, the supreme body of

the Buddhist clergy.

In other news, two policemen were injured in a clash between police and air force personnel at Vayuniya town in northern Sri Lanka on Friday.

Informed sources said the police took two air force personnel into custody following the clash, the cause of which was not known. This was the second such incident in recent months involving the police and defence personnel.

In New Delhi, the Sri Lanka high commission denied yesterday that Colombo had introduced new regulations restricting travel to India by Sri Lankans.

In a statement, the high commission said there were no new restrictions. Only, travel agents who had been violating the existing exchange control regulations had been asked to comply with the regulations.

It said while there was no restriction on the number of pre-paid tickets and on travel by train, the exchange control regulations permitted an allocation of Indian Rs 2,000 (about \$ 200) per individual for travel in South Asian countries only once every two years.

The air passage too could be met only once during this two-year period for holiday or pilgrimage.

The controller of exchange had only drawn the attention of travel agents to the existing regulations to conserve foreign exchange and not to restrict travel to India, the high commission said.

CSO: 4600/444

END